DOCUMENT RESUME

ED 379 479 CE 068 303

AUTHOR	Burns, Jim A.; King, Richard
TITLE	Training in the Food and Beverages Sector in the United Kingdom. Report for the FORCE Programme. First Edition.
INSTITUTION	European Centre for the Development of Vocational Training, Berlin (Germany).
REPORT NO	ISBN-92-826-8416-4
PUB DATE	94
NOTE	87p.; For the report on Ireland, see CE 068 302. Cover title varies.
AVAILABLE FROM	UNIPUB, 4661-F Assembly Drive, Lanham, MD 20706-4391 (Catalogue No. HX-84-94-678-EN-C: 8 European Currency Units).
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01/PC04 Plus Postage.
DESCRIPTORS	Case Studies; Corporate Education; Educational Improvement; Educational Needs; Educational Trends; *Education Work Relationship; Employment Patterns; Employment Projections; Employment Qualifications; *Food Processing Occupations; Foreign Countries; *Job Training; Labor Force Development; Labor Market; Manufacturing Industry; Personnel Management; Postsecondary Education; Private Sector; Productivity; Recruitment; Secondary Education; Tables (Data); *Training Methods; Training Objectives; Trend Analysis; *Vocational Education
IDENTIFIERS	*Beverages; *United Kingdom

ABSTRACT

An international team of researchers studied the following aspects of training in the United Kingdom's food and beverage sector: structure and characteristics, business and social context, training and recruitment, and future training requirements. Data were collected from an analysis of social and labor/employment statistics, literature review, and case studies of six food manufacturers ranging in size/type from a private family-owned business involved in food manufacture, retailing, and catering to the parent company of a group spanning 19 countries and employing more than 40,000 individuals. Included in each case study were a company profile, summary of its initial and continuing vocational training policies and practices, and analysis of training costs and effectiveness. In all six companies studied, the primary objective of training was to improve business performance. Developing a flexible work force was also deemed important. Most of the companies had recently invested in new processing plants, and all supported personnel development programs. Training was not a significant feature of companies' dialogues with unions. Most training plans/programs were dictated by business objectives and the need to meet production targets and legal requirements. In-house training by externally trained trainers seemed preferred. (A glossary and 45 tables/figures are included. Contains 38 references.) (MN)

ED 379 479

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European Commission

UNITED KINGDOM REPORT

FOOD AND BEVERAGES SECTOR

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FOOD AND BEVERAGES SECTOR

TRAINING IN THE FOOD AND BEVERAGES SECTOR IN THE UNITED KINGDOM

REPORT FOR THE FORCE PROGRAMME

drawn up by
Jim A. Burns and Richard King

1993

First edition, Berlin 1994
Published by:
CEDEFOP – European Centre for the Development of Vocational Training,
Jean Monnet House, Bundesallee 22, D-10717 Berlin
Fax 49-30 + 88 41 22 22
Tel. 49-30 + 88 41 20 · Telex 18 41 63 eucen d
The Centre was established by Regulation (EEC) No 337/75
of the Council of the European Communities

Cataloguing data can be found at the end of this publication.

Luxembourg: Office for Official Publications of the European Communities, 1994

ISBN 92-826-8416-4

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Printed in the United Kingdom

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Commission of the European Communities
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Human Resources, Education, Training and Youth
Rue de la Loi, 200; B-1049 Bruxelles

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ACKNOWLEDGEMENTS

This study was carried out for the European Commission's Task Force Human Resources as part of an investigation into Continuous Vocational Training in the European food and drink sector. The primary contractor for the project was Crège Management, Paris. The central team, François Dely (Crège Management), Jim Burns (University of Reading), Richard King (University of Reading), Wilfried Kruse (Sozialforschungsstelle, Dortmund), Louis Mallet (CNRS, Toulouse), Maurizio Sorcioni (Istituto Censis, Roma), worked in close association with Tina Bertzeletou, CEDEFOP (Berlin) and Judith Grieve, Task Force Human Resources (Brussels).

The UK team of Jim Burns, Richard King and Di Amor, would especially like to thank the companies which agreed to take part as case studies. Without their whole-hearted cooperation the project could not have been completed. We very much appreciate the time and help they generously gave. We are also indebted to all the companies that completed questionnaires during the pre-selection of the case studies.

Finally, we would like to express our thanks to all the employers organizations, unions and industrial training organizations who, together with the Force National Coordination Unit at the Department of Employment, Sheffield, responded to our many enquiries for information and for the helpful discussions we had with them.

September 1993

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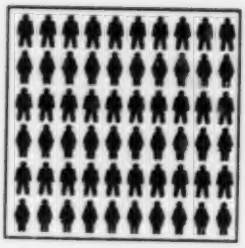
PART 1:



1. Introduction

2. UK food and drink sector

Appendix 1

Appendix 2

References

1. INTRODUCTION

1.1 Overview of the report

The report has two main sections, a review of the sector (2. UK Food and Drink Sector); and the six case studies (Part 2). Part 3 gives a synthesis of the main issues.

1.2 Choice of case studies

Companies for the case studies were initially selected from recommendations of the social partners. To these selections were added companies that, from external indicators such as winning National Training Awards or reaching Investor in People Standard, we believed had demonstrated an exemplary record in training. Other criteria used were: geographical location within the United Kingdom; sub-sector within which companies operated; company size. From the resulting group the most representative sample possible was selected for consideration and agreement by the social partners. These were then submitted to the central research team for the project, who selected six companies from the ten nominations for study.

The businesses in the final sample are all medium or large in size. Small and other medium-sized enterprises were eliminated as those in the prior selection had concentrated on Youth Training or similar initial training schemes which are not within the scope of this project. The six companies selected are operative in major areas of production, encompassing a range of sub-sectors across the food and drink industry, and their activities cover a wide geographical distribution within the UK.

By the very nature of the selection process the survey concentrates on enterprises where training is working well for the social partners. It is impossible with this sample to extrapolate the conclusions of the study across the sector as a whole.

1.3 Methodology

The case studies were constructed on the basis of interviews with personnel and training managers within the companies selected. Except for one study, where only one short interview was possible, two or three lengthy visits were made to the companies. The views and opinions of the widest possible cross section of employees, including union representatives, on the training policy of the company were also sought. Again in one case it was not possible to interview a cross section of staff or union representatives.

The central team established an interview guide covering the following topics:

- *Company overview*
  Background and organization
  Products and markets
  Industrial and internal organization
  Staff structure

- *Vocational Training Policy*
  Aims
  Organization and funding
  Training provision
  Original or noteworthy features

- *A report on a specific programme*

- *Assessment of the training practices by the various actors*
  Management
  Human Resources and Training Division
  Union representatives
  Employees

The essential questions to be addressed were:

Why do businesses adopt a particular training policy, and how is this shaped by the characteristics of the business?

How is the training policy linked to the national institutional and sectoral context?

How do the social partners assess the policy and in what way do they individually determine the policy?

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2. UK FOOD AND DRINK SECTOR

1.

2.1 Nature of the food and drink sector

2.1.2 Food and drink industries in the national economy

The food and drink manufacturing industry occupies a central place in the marketing chain which transforms the output of UK and overseas agriculture into food products and distributes them to consumers. In aggregate during the 1980s, UK consumers spent more on the processing and distribution of of food (excluding alcoholic drinks) than on basic foodstuffs from agriculture at home or abroad (Central Statistical Office, 1993). The proportion total final UK consumers' food expenditure accounted for by processing and the distribution of food rose from under 50% in 1977 to almost 60% in 1987. The main elements of the food chain (excluding alcoholic drinks) are shown in Table 2.1.

Table 2.1 – UK Food Chain 1988
£bn and as percentages of consumers' food expenditure plus exports

Imports (£8.6bn, 15.4%)	Food from farms (£9.2bn, 16.5%)
Manufacturers Value Added (£14.4bn, 25.9%)	Wholesalers Value Added (£4.1bn, 7.4%)
Retailers Value Added (£9.5bn, 17.0%)	Caterers (Non-Residential) Value Added (£9.9bn, 17.8%)
Consumers food expenditure (£52.9bn)	Exports (£2.8bn)

Source: Ministry of Agriculture Fisheries and Food, 1991

In comparison with previous estimates (e.g. Slater, 1988, Mordue, 1983) these figures show significant falls for the contributions of the output of UK farming and of imports while the importance of catering and wholesaling has grown markedly. By contrast, the proportion of consumers' expenditure (plus exports) going to food manufacturing has shown smaller increases while retailing has remained fairly constant.

Recent data on the importance of the food sector in gross domestic product (GDP) terms in 1989 has been provided by the Ministry of Agriculture, Fisheries and Food (MAFF), and in Table 2.2 this, along with employment data for the same year, is compared to the figures for 1985 found in Slater (1988).

The contribution of the sector to GDP decreased slightly over the four years, but the downturn in economic activity since 1989 has been more severe in other industrial sectors, to the relative advantage of those industries in the food chain. Hence while, in 1989, food and drink manufacturing accounted for a smaller proportion of total UK GDP than previously, the industry improved its position from 9.1% to just under 10% of *all production industries' contribution* between 1985 and 1989. Employment in food and drink manufacturing initially declined during the 1980s, but rose slightly over the latter half of the decade. However, the most recent statistics suggest a significant reduction in labour during 1991 and 1992. Food retailing, on the other hand, appears to have increased its contribution to GDP and its labour force over the period.

Table 2.2 – Contribution to GDP and employment 1989 (1985)

	Contribution to GDP %		employment 000		%	
Agriculture	1.4	(1.8)	279	(315)	1.2	(1.3)
Food and drink manufacturing	2.5	(2.9)	544	(545)	2.4	(2.2)
Food wholesaling	0.5	(0.7)	241	(235)	1.1	(1.0)
Catering	1.9	(1.9)	748	(770)	3.2	(3.1)
Food retailing	2.5	(1.8)	781	(720)	3.4	(2.9)
Total food sector	8.8	(9.1)	2378	(2585)	11.4	(10.5)

Source: Slater, 1988; Business Statistical Office, 1993; Ministry of Agriculture, Fisheries and Food, Personal Communication, 1992

In this report, our main focus is the food and drink industry as such, but this represents a very heterogeneous collection of activities, structures and methods of operation. Some process farm products into goods that play an intermediate function by forming the raw-material basis for more highly processed foods. Such activities, called first-stage processing, include grain milling, sugar refining, meat slaughtering, manufacturing of dairy products and of vegetable and animal fats. Others focus on producing food in a form that consumers purchase: these activities involve manufacturing bread, biscuits, chocolate and sugar confectionery, soft drinks, snack foods, etc. and are called second-stage processing. Of course the distinction is not clear cut, and many sections of the food and drink industry fall into both camps, but the contrasting agricultural- and consumer-orientation of these two broad parts of the food sector serves to highlight the main influences on them. The first stage sector is particularly affected by farm matters, including agricultural policy, and largely produces standard commodities. By contrast, the fortunes of second stage manufacturers more closely relate to their meeting consumer needs and requirements, with particular emphasis on marketing and new product development.

2.1.3 Agriculture

In general terms, while agriculture has become relatively less significant in the economies of EC, it has produced more than sufficient basic foodstuffs to meet the needs of consumers. In part, it may be argued that this expansion has come from technological change which has improved farm yields and output. However the operation of EC Common Agricultural Policy (CAP) also has expanded EC output, often leading to the replacement of previously imported supplies which have been particularly disadvantaged by the operation of import levies and other policies. For example, UK farms currently supply a far larger proportion of wheat and sugar

requirements than before joining the Community, and since access to raw materials remains the dominant factor in location, and a significant determinant of scale, there have been consequent changes within the milling and refining industries. Under the CAP, supplies in excess of EC consumer requirements may be purchased by intervention agencies, and/or exported with subsidies which enable surpluses to be sold at lower than EC internal prices on world markets. Since it is typically at the first stage processing rather than farm level that intervention policy operates, manufacturers may be encouraged to expand by policies that artificially support markets. However these sectors are particularly vulnerable to contraction as a result of policy changes such as those brought about by EC budget restraint, agricultural reform and international trade agreements. For example, UK production of butter, the "sink" product in milk usage, rose from supplying less than one-fifth of home requirements before membership of the EC, to more than self-sufficiency in 1987, but fell back to 60% in 1992 (Ministry of Agriculture, Fisheries and Food, 1993).

2.1.4 Consumption of food and drink

UK food consumption grew only slowly from 1980-1991 with a total rise of 9.8% in household food spending in real terms (constant 1985 prices), or less than 1% per year (Central Statistical Office, 1993).

Over the same period (1980-91) alcoholic drink expenditure increased by 2.7%, having fallen back from its peak in 1988, but that on tobacco slumped by 25.4% in almost continuing decline. By comparison, consumers total spending on all goods and services rose by 37.4% between 1980 and 1991, or 3% per year on average. These figures confirm Engel's Law that in an economy such as the UK, with relative affluence and continuing growth in real incomes, in general, food represents a smaller proportion of total expenditure as the latter rises in real terms.

In 1992 under a quarter of UK consumers' total expenditure was on food (household and meals out) and drink, almost five percentage points lower than a decade before, as shown in Table 2.3. In recent years this total declined only marginally, since as household food and alcohol consumption remained static in proportionate terms, spending on restaurant and other meals out was a source of growth.

However this latter area of expenditure is typically more volatile than purchases for eating in the home with a much higher positive income elasticity of demand[1]. While data for 1991 show the trend of enhanced spending on meals out continuing, the effects of recession in the economy are the likely cause of the reduction in 1992. Trading down to less expensive food types and brands occurs during times of reduced consumer real incomes, just as trading up to higher price, improved quality products, results when real incomes rise.

Table 2.3 - Consumers' expenditure on food and drink (as a proportion of total consumers' expenditure)

	1980	1985	1990	1991	1992
% of total consumer's expenditure	28.4	25.5	23.8	24.1	23.7
of which:					
Household food	16.9	14.1	12.0	12.0	11.7
Meals out	4.3	4.2	5.6	5.7	5.5
Alcoholic drink	7.2	7.2	6.2	6.4	6.5

Source: Ministry of Agriculture, Fisheries and Food, 1993

A further factor accounting for the decline in the importance of food spending by consumers is the relatively slower rise in food prices over the 1980s compared to prices in general (Ministry of Agriculture, Fisheries and Food, 1992). Nevertheless aggregate food spending has remained a relatively stable item, particularly in comparison with postponable "lumpy" expenditure on consumer durables, furniture or even clothes. However, given the low rate of population growth in the UK in recent years, and limited response to real income rises, developments in the sector consist largely of growth in one market at the expense of another. In these circumstances competition is enhanced, and may be by price, promotion or new product development. The latter may be facilitated by production developments and by the widespread use of consumer durables such as freezers and microwave ovens. In turn these developments, along with changes in consumer lifestyles, have encouraged the trend towards more informal eating. Other tendencies, such as continuing demand for convenience foods, greater variety and foods with healthy images, have been significant over the decade, although declining prosperity in the early 1990s appears to have refocussed consumers' attention on food prices.

Of the major food categories, growth areas have been soft drinks, fruit (especially fresh fruit and fruit juices), fresh and processed vegetables, and cereals (see Appendix 1). The latter group includes a continuing if broadly slower decline in bread consumption, stability in cake and biscuit eating, and a long-term steady rise in the consumption of breakfast cereals. The sugar and confectionery category also contains counteracting trends, for while consumption of sugar as sugar fell by half over the decade, total sugar use, including that in soft drinks, confectionery, ice cream, cereals, etc., declined by a mere 10%. Again the fall in potato consumption has not been paralleled in other vegetables, and snack products (including those based on potatoes) remain buoyant. Butter consumption in 1990 was

[1] Slater (1992, p 25) says that "food as a whole tends to be very income inelastic and hence unresponsive to rises or falls in living standards" [but] "catering is sensitive to movements in consumers' income; a crude estimate of income elasticity suggests that for every 1% increase in disposable incomes, expenditure on catering rises by 2%."

only 40% of its 1980 level, and the same, in terms of ounces per week, as that for low-fat spreads, a product only appearing in the statistics over the last few years. Milk consumption has fallen, but with the noticeable switch to low-fat milks, which in 1992 made up almost one-half of total liquid milk consumed by households. Like low-fat milks, the healthy image of yogurt helps explain its marked rise in consumption over the decade, reaching twice its 1980 level in 1990. A combination of convenience and health factors may explain the growth in the ready meals market, especially those based on vegetarian or non-red meats, and ethnic meal types. Soft drink consumption has continued to increase as has that of bottled mineral water. This may account for the long term decline in tea, and the more recent downturn in coffee drinking.

These changes in consumer preferences and developments in lifestyles bring dynamism into the markets which make up the food and drink sector. Given the static overall market, and the relatively slow growth in exports (see 2.1.6.1), manufacturers need to anticipate or quickly respond to changing consumer requirements in order to survive. This flexibility and adaptability of production to the demands of market forces has significant implications for training, both in terms of skills and attitudes. Moreover the cost pressures imposed by the competitive retail market mean that unit costs need to be contained, despite the increased requirements for enhanced capabilities inhuman resources.

2.1.5 Food and drink industry structure

2.1.5.1 General characteristics

We have noted above the heterogeneous nature of the food and drink industries in the UK. This is demonstrated in its structural characteristics: some sections of the industry are capital intensive, with large scale production dominated by few firms; others remain small scale, craft industries, with many enterprises. Many areas exhibit both characteristics simultaneously, with large oligopolistic firms surrounded by a fringe of numerous smaller competitors.

In 1990 there were 9267 businesses in the UK's food, drink and tobacco manufacturing (FDT), but the largest 10% of them, with 100 or more employees, accounted for 82% of employment in the industry (Business Statistical Office, 1993). The average size in employment terms of these larger FDT manufacturing businesses at 503 employees in 1990 appears greater than for UK manufacturing as a whole with 411. This situation was also indicated in previous studies (e.g. Ashby, 1978; Mordue, 1983)[2].

The largest groups within the UK Standard Industrial Classification FDT division are bread, biscuits and flour confectionery (SIC 419) and meat slaughtering and processing (SIC 412) as measured by the proportion industry employment (the two groups together making up almost half the FDT total), proportion of gross value added and number of enterprises, Table 2.4. Both groups are amongst the least concentrated (in terms of five-firm concentration ratios (CR5))[3], and spend above average for the industry on labour and below average on capital (both as a proportion of gross value added). When proportion of sales becomes the criteria other groups such as milk and milk products (SIC 413), miscellaneous foods (SIC 418/423) and brewing and malting (SIC 427) assume greater importance, more than comparable to that of bread, biscuits and flour confectionery, although still behind meat slaughtering and processing.

Table 2.4 – Relative proportion of employment, sales and gross value added (GVA) in UK food and drink industry (1990)

SIC group 1980	Industry	Employment %	Sales %	GVA %
411	Organic oils and fats	0.9	2.6	1.3
412	Slaughtering & meat products	20.2	17.1	14.3
413	Milk & milk products	6.9	12.0	8.6
414	Fruit & vegetable processing	3.2	2.4	2.6
415	Fish processing	3.6	2.3	2.0
416	Grain milling	1.0	2.4	1.9
419	Bread, biscuits & flour confectionery	27.3	10.3	15.9
420	Sugar & sugar by-products	1.0	2.5	2.3
421	Ice-cream, cocoa, chocolate & sugar confectionery	9.5	7.8	10.1
422	Animal feeds	3.6	7.7	5.1
418/423	Starch & miscellaneous foods	10.6	11.3	14.6
424	Spirit distilling	2.4	4.2	5.8
426	Wines, cider & perry	0.6	1.1	1.2
427	Brewing & malting	5.3	10.6	8.6
428	Soft drinks	3.7	5.4	5.5

Source: Business Statistical Office, 1993

[2] Unfortunately changes in statistical methods make direct comparisons with these previous studies inaccurate.

[3] Five-firm concentration ratio gives the proportion of market sales, or employment, value added, etc., accounted for by the five largest firms.

The FDT value added at 25% of gross output is generally low compared to the all manufacturing industry level of 35%, but significant differences occur between sub-sectors. Some first stage processors, such as grain milling and sugar refining are typified by low value added and low wage costs, reflecting the standard products and capital intensity of processes. Raw material costs may be considered more significant than wage levels in these industries' profitability (Table 2.5). By contrast, such second stage manufacturers as those in bread, biscuits and flour confectionery and cocoa, chocolate and sugar confectionery have a higher proportion of labour costs in value added. However classifications within the FDT sector are too broad to draw firm conclusions and many intermediate cases apply.

Table 2.5 – Relative proportional value added and costs in FDT (1990)

SIC group 1980	Industry	GVA % of gross output	Wages & salaries as % GVA	Net capital expenditure as % of GVA
411	Organic oils and fats	13	55	24
412	Slaughtering & meat products	22	57	14
413	Milk & milk products	19	43	13
414	Fruit & vegetable processing	28	54	19
415	Fish processing	23	60	16
416	Grain milling	21	33	17
419	Bread, biscuits, flour confectionery	40	60	11
420	Sugar & sugar by-products	25	31	11
421	Ice-cream, cocoa, chocolate & sugar confectionery	34	46	17
422	Animal feeds	17	45	15
418/423	Starch & miscellaneous foods	34	40	15
424	Spirit distilling	33	25	12
426	Wines, cider & perry	27	35	20
427	Brewing & malting	21	37	25
428	Soft drinks	27	37	18
	Total FDT	25	44	14

Source: Business Statistical Office, 1991

2.1.5.2 Concentration

Over the past thirty years the industry has become more concentrated in general, with large firms gaining greater significance in total industry activity. In the early 1980s, ten companies were thought to account for one-third of all UK food sales (ACARD, 1982), and most commentators would not suggest that the proportion has decreased. The 100 largest manufacturers in the UK produce half the net output of the food industry and employ 43% of its workforce (Business Statistical Office, 1993). This 100 includes 24 enterprises classified to FDT, with some specialized in particular sectors, and others diversified across several related food, drink and catering areas. Further enterprises whose activities are included in the total output and employment are conglomerates of food and non-food interests.

Considering the industry by SIC classification (Table 2.6) again there is diversity but with a general tendency towards an increase in concentration for those groups with lower CR5 in 1985, while in higher CR5 sectors concentration appears to have remained constant or declined. The SIC group definitions are very broad and frequently do not correspond to meaningful markets in any commercial sense. More narrow delineations into product markets will naturally show greater concentrations, but official calculations of concentration ratios at this level are not available for recent years in the UK. Market research estimates vary considerably depending on source, and those given in Table 2.7 can only be seen as approximate guides. The markets indicated are still relatively broad, and since concentration will normally be higher the more narrow a market definition is employed, leading producers will tend to hold more of the finer segmented markets in which they trade.

A further general tendency is that larger markets will be less concentrated than smaller ones, given technology and hence the level of economies of scale. However Sutton (1991) has pointed out this relationship breaks down in the food industry when significant endogenous sunk costs[4] are involved, and in these circumstances large markets may be highly concentrated.

The process of concentration has been neither continuous nor universal in all sectors of the food and drink sector. Typically industries experience phases of concentration activity, such as during the 1960s and in the mid-1980s, and certain sectors may be especially prone to change. In the former period large numbers of firms were involved in mergers and takeovers, many of them in the bread industry,

[4] Endogenous sunk costs derive from advertising expenditures and product development (R & D), e.g. in breakfast cereals; exogenous sunk costs derive from technology and economies of scale, e.g. in sugar refining.

Table 2.6 – FDT five-firm concentration ratios and enterprise numbers by SIC group (1990)

SIC group 1980	Industry	Sales/employment 1985		1990		No. of enterprises 1990
411	Organic oils and fats	68	68	64	70	53
412	Slaughtering & meat products	17	22	22	26	1362
413	Milk & milk products	55	46	60	52	333
414	Fruit & vegetable processing	32	30	48	43	242
415	Fish processing	67	68	53	58	277
416	Grain milling	71	62	67	58	90
419	Bread, biscuits & flour confectionery	55	48	48	40	3926
420	Sugar & sugar by-products	100	100	90+	90+	4
421	Ice-cream, cocoa, chocolate & sugar confectionery	62	59	59	62	527
422	Animal feeds	44	40	48	41	461
418/423	Starch & miscellaneous foods	28	31	30	33	935
424	Spirit distilling	56	57	55	64	46
426	Wines, cider & perry	91	89	93	91	54
427	Brewing & malting	50	41	46	42	128
428	Soft drinks	45	44	55	51	207

Source: Business Statistical Office, 1993; Business Statistical Office, 1987

Table 2.7 – Food product market shares

Market	Year	Leading firm %	Largest 2/3 firms %
Bread	1992	38	60 (2)
Breakfast cereals	1988	49	73 (3)
Flour	1990	30	50 (2)
Biscuits	1989	40	52 (3)
Packaged cakes	1990	40	59 (2)
Canned fish	1990	38	63 (2)
Margarine	1986	50	60 (2)
Yogurt	1988	27	47 (3)
Ice cream	1988	42	52 (2)
Sugar	1989	64	98 (2)
Chocolate confectionery	1988	30	80 (3)
Sugar confectionery	1989	27	45 (3)
Preserves	1989	17	33 (2)
Potato crisps	1991	40	63 (3)
Savoury snacks	1991	38	77 (3)
Baked beans	1987	40	55 (3)
Canned tomato	1989	33	43 (2)
Instant coffee	1987	50	79 (3)
Tea	1987	33	68 (3)
Canned soup	1989	63	74 (2)
Baby food	1990	30	63 (3)

Notes: Figures include manufacturers brands only, and not production for retailers/distributors own-label goods. Normally inclusion of these would enhance leading producers' market shares. Top two or three firms' market shares include that of the leading firm.

Source: Various market research reports.

while in the latter period some very high value bids were successful, especially amongst drinks companies. More recently government decisions based on the findings of the Monopolies and Mergers Commission report on beer (Monopolies and Mergers Commission, 1989) have precipitated major structural change and increased concentration in that industry.

These periods of merger, particularly when involving diversified target companies, may be followed by rationalization as the enlarged group focuses on core areas of strategy. It has also been clear that some diversified companies, particularly with strong brand names, have been more valuable when operating divisions are split up than when combined into one group, at least in stock market terms. Corporate raiding has involved the take over and subsequent break up of some very large companies in the UK food industry, Imperial group being the obvious example in the latter half of the 1980s. Other companies have fractured due to financial stresses, such as those following the highly leveraged buy-out of RJR/Nabisco, or the fall from grace of Polly Peck.

The UK achieved a relatively strong position in terms of the leading food and drink firms in Europe by 1990, with about 13 of the top 20 firms (Cooke, 1991). This position resulted in part from historical factors such as the British firms' links with overseas suppliers and the importance of US investment in the UK food industry, but was enhanced during the merger boom of the second half of the 1980s. A feature of this period was that as the completion of the EC internal market became the focus of attention so cross-border mergers grew in frequency, especially as major companies tried to establish positions within neighbouring Community countries. These included third country multinationals, with giants such as Kraft/General Foods (Philip Morris), Nestle and Pepsico consolidating or expanding their food interests. Financial and economic difficulties have somewhat reduced the level of merger activity in more recent years.

2.1.5.3 Productivity and technological change

Productivity in industry is measured in terms of comparing output produced with inputs used. Inputs are usually classified into broad groups labour and capital, but if they are taken together a total factor productivity may be obtained, as for example for FDT by Mordue and Marshall (1979) and Watts (1982)[5]. The two studies show that, for a given change in output, UK food manufacturing tended to lose labour more slowly and use capital more quickly than UK manufacturing as a whole during the 1960s and 1970s. More recent data, e.g. Blackaby and Hunt (1990), suggests that the same situation still applies for labour. They show that between 1979 and 1988, output in FDT increased by 0.6% p.a., and employment fell by 2.8% p.a., while in total manufacturing the output rise was greater at 0.8% p.a. and the employment fall larger at 3.6% p.a.

International comparisons of productivity have indicated a relatively modest position for UK manufacturing as a whole and for FDT (see, for example, Prais, 1981; van Ark, 1990a and 1990b; and Mason, van Ark and Wagner, 1993). A study by the Food and Drink Economic Development Committee (1982) found that in the 1970s the UK FDT had a lower value added per head and slower growth, lower investment per head, a higher proportion of value added devoted to investment but a lower degree of capital efficiency than in rival major industrial countries. Although the data and methodology of this study can be questioned, the general conclusions have been borne out in more recent and methodologically sounder work, despite significant productivity improvements in the UK industry during the 1980s. Research by van Ark (1990b), for example, indicates that gross value added per person-hour in FDT in France was over 50% higher than in the UK in 1979, although by 1989 this difference had reduced to 35%. Mason, van Ark and Wagner (1993) showed that, when "quality adjustments" in the end-product were taken into account, the German biscuit companies in their study had 40% higher output per employee-hour than their UK equivalents.

The relationship between capital investment and employment has also been subject of debate. A study by the Food and Drink Manufacturing Sector group (1990) considered the way in which job losses in UK FDT result from new technology. It concluded that while this factor was not insignificant in some sectors, in general the losses due to technology were less severe than those brought about by downturns in economic cycles, and by rationalization brought about through demand changes and/or competitive pressures. Labour changes took place over the period of capital investment, and, even in areas such as applications of microelectronics where uptake had been very rapid in FDT, still enabled natural wastage and reduced recruitment to be the main form of labour reduction. Qualitative changes included the tendency for the unskilled workforce to shrink in importance, with a corresponding rise in the proportion of skilled workers. However the report concluded that training needs were increased by changes to quality management schemes, introduction of IT, and job developments such as multi-skilling and flexibility, rather than new technology as such. Recent surveys by the Institute of Grocery Distribution (1990, 1991) indicate that food manufacturers considered business acquisitions and plant closures to be the two main causes of labour loss, with technological advances significant in far fewer cases. The changes in labour force size and structure in firms brought about by the mergers, and rationalizations, and the introduction of more technically advanced machinery are all likely to have impacts on training.

2.1.6 Competition

Market behaviour by firms may be competitive, collusive or involve cooperative (or joint) ventures. Competition occurs in many ways, but a convenient distinction is often made between price competition and non-price rivalry. Despite the generally oligopolistic structure of the UK food industry, price competition may be induced where competitors are relatively evenly matched, where products are homogeneous with little brand loyalty and low advertising expenditure, and where powerful retailers or users have effective bargaining power. In such circumstances a firm is likely to be more successful through reducing costs by efficient use of capital and labour. By contrast, firms in stronger market positions with differentiated products, supported by advertising, may use product development to seek out market segments and be able to charge premium prices.

Where structural change through external acquisition appears disadvantageous to companies, joint ventures may be attempted in the hope of reaping economies of scale in production, marketing and distribution. Frequently large companies engage in joint ventures in their minor areas of interest, and in markets where they are relatively weak but where they wish to compete with established dominant firms. An example in the food sector is the Nestle-General Mills breakfast cereals joint venture Cereal Partners. Other cooperative features include franchising, which has developed particularly in the fast-food catering business, but is now seen extensively in the UK milk doorstep delivery service. International licensing arrangements are increasingly significant, particularly in the soft drinks and brewing industries, where market imperfections along with high bulk/volume relative to value, makes market entry via trade a less profitable competitive option than the returns from licensing (Sheldon and Henderson, 1992).

2.1.6.1 Trade

Since joining the EC, the UK has generally increased its self-sufficiency in food, feed and drink, although much of the extra output from UK farms has been exported rather than supplying home consumers.

[5] Generally difficulties in measuring capital mean estimates are rarely done for particular industries [but see Balasubramanyam and Nguyen (1991) for a recent FDT attempt].

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Table 2.8 – Import penetration and export sales ratios: FDT and all manufacturing

	1979		1985		1989	
	FDT	All manuf.	FDT	All manuf.	FDT	All manuf.
Imports/home demand	18	27	18	34	18	37
Imports/home demand+exports	16	22	17	27	16	29
Exports/manufacturers' sales	10	25	11	30	12	30
Exports/manufacturers' sales+imports	9	20	9	22	10	21

Source: Central Statistical Office, 1992

Nevertheless, self-sufficiency in indigenous foods has generally been between 70 and 75% during the 1980s[6], with overall self-sufficiency standing between 55 and 60% over the same period. Imports of food, feed and drink make up some 10% of total UK imports, while exports of the same group account for around 6% of total UK exports. Alcoholic drink is especially important in exports, making up almost 50% of the food, feed and drink total in 1990 (Ministry of Agriculture, Fisheries and Food, 1991).

Import penetration/ sales export ratios for food, drink and tobacco manufacturing focus on processed food as such and show FDT to be generally less involved in trade than other UK manufacturing industries. Table 2.8 indicates that import penetration has remained constant in FDT, while showing marked increases for other industries, and export sales ratios have moved up only slowly in both groups.

2.1.6.2 EC Internal Market

The Single European Act was designed to create, by 31 December 1992, a market 'without internal frontiers in which the free movement of goods, persons, services and capital is ensured' (Article 8A). The removal of remaining identifiable non-tariff barriers aims to bring about a more competitive, integrated market, with more efficient industries, resulting in faster economic growth and lower consumer prices. If we accept that all barriers have been successfully removed, many of the gains are still reliant on changing business attitudes towards trade within the EC, where the Community is seen as the market, rather than simply the individual Member State. Whether there is a European market for food and drink, or a number of distinct, segmented markets, separated by tastes and traditions, is less easy to determine.

While it has not proved possible "to put figures on the likely effects of the restructuring of the food industry and the creation of truly European-scale industrial groups" (Emerson, 1988, p70), it is recognized that some, albeit limited, production economies may result, e.g. in chocolate confectionery, breakfast cereals and potato crisps. In certain areas, e.g. sugar refining, significant rationalization of production has already resulted from a European approach (Noble, 1990). Large firms may gain from branding, market research and segmentation on a EC dimension (Pratten, 1988).

The EC Commission reported (1990) that the food industry was engaged in intensive preparations for the completion of the internal market, with increased concentration involving large EC and third country firms. This may have stemmed from the previously limited European dimension to their activities. Emerson (1988) indicated that in the mid-1980s "of the largest 46 food and drink companies, 44% operate in only one EC country in addition to their country of origin. Only 10% of these major companies operate in at least four of the largest Community countries." Even in the UK, with its wealth of multinationals in food and drink, an analysis of seventeen of the largest food companies (excluding Unilever) estimated that less than 10% of their profits were derived from their European activities (Institute of Grocery Distribution, 1990). By contrast, 18% of profits arose from their activities in the USA.

2.1.7 Conclusions

This section of the report has indicated the nature of the food and drink sector and its overall importance in the UK's industry. While a stable sector in total, it combines sub-sectors of much more widely varying fortunes, as consumer requirements and preferences change and product development brings about new possibilities and competition. The slow overall market growth relative to the whole economy puts pressure on the industry to increase labour productivity if comparative wage levels and profits are to be maintained. Further pressures come from the concentrated and powerful retail trades, from consumer expectations and legislation that emphasizes food quality and safety, and from the international trade and pan-European competition which is developing in the sector.

Training is seen as one method of achieving the business objectives of the firm, providing opportunities for firms to gain a competitive edge over rivals and more exactly and consistently meet customer requirements. Cost savings can arise from improved labour productivity, and the level and consistency of product quality be enhanced from better teamwork. Improved labour productivity may result from new

[6] Self-sufficiency includes indigenous food exports.

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investment or organization methods, both of which require training. With a smaller labour force operating more complex sophisticated machinery, greater levels of ability and responsibility are needed. Perhaps more significantly still, training plays a vital role in labour flexibility and motivation, in problem solving, and in developing and applying improved methods and systems of operation. A widespread example is the application of systematic teamwork to achieve quality assurance rather than quality control. Many of these aspects are discussed in detail below, where firms' training reactions to the business environment are analyzed further, although we consider first the legal framework in which training operates.

2.2 Business environment and social context of training

2.2.1 Legislation

2.2.1.1 Training legislation

The government's policy is not to legislate for continuous vocational training, but to provide an environment where it will develop to the level envisaged in the officially endorsed training targets (2.2.2). The necessary legislation has been enacted to allow the development of sectoral Industry Training Organizations (2.2.3), regional Training and Enterprise Councils and Local Enterprise Companies in Scotland, (2.4.3) and the National Council of Vocational Qualifications (2.4.2). Other legislation can have considerable influence on continuing vocational training requirements.

2.2.1.2 Food Safety Act 1990

Food Safety Act 1990 which, from 1 January 1990, repealed almost all the primary criminal law on food control in the UK, is not directly derived from EC law but is compatible with all existing EC requirements. Directives on such matters as basic food safety and enforcement are given expression in the Act, but more importantly in the EC context, ministers are empowered by the Act to make orders and regulations to implement future EC legislation and to amend existing legislation for that purpose.

The Food Safety Act 1990 introduces the 'due diligence' defence into food law, "...it shall....be a defence for the person charged to prove that he took all reasonable precautions and exercised all due diligence precautions and exercised all due diligence to avoid the commission of the offence by himself or by a person under his control."

Most individuals and companies can be expected to implement systems that would enable them to demonstrate that they have taken all reasonable precautions and exercised all due diligence in the event of a prosecution under the Food Safety Act. What is reasonable depends on the process: producing high risk foods such as chilled cooked meats will require greater precautions compared to those required for producing low moisture cooked foods. One factor which is common to both high and low risk foods is training. Ensuring staff have been trained to the appropriate level, being able to demonstrate that the training has been carried out and keeping the training requirements under review will be important factors in a due diligence defence.

Ministers have power under the Food Safety Act to make regulations requiring persons engaged in food business and handling food to be trained. Consultation on draft regulations began in mid 1991, and in July 1992 the government outlined its proposals for food hygiene training requirements. The approach is modelled on the EC Food Hygiene Directive.

There has been considerable activity in this area in anticipation of pending legislation, and much in regard to due diligence. Professional organizations such as the Institute of Environmental Health Officers (IEHO), local authorities, Industry Training Organizations and private companies now offer training for food handlers. Many of the larger food companies have developed their own programmes.

2.2.1.3 Other legislation

Health and safety at work

The Health and Safety at Work Act 1974 applies to all persons at work, employers, self employed and employees. The legislation protects not only people at work, but also the health and safety of the general public who may be affected by work activities. One section in the general duties to employees requires "the provision of such information instruction, training and supervision as is necessary to ensure, so far as is reasonably practicable, the health and safety at work of his employees". This can be a factor in determining the training policy in all areas of a factory, from training in the safe use of fork lift trucks in a warehouse to training on a production line.

Sex discrimination

Positive action in vocational training is permitted in some circumstances by Section 47 of the Sex Discrimination Act. This may involve single-sex training for women only or men only, which is designed to help them find work or make progress once in work by improving their skills and qualifications. The positive action provisions have been used to provide single sex training opportunities for occupations in which men or women are under-represented.

A review produced by the Equal Opportunities Commission (Clarke, 1991), observed that the overall proportions of women and men employees receiving training are very similar. However, it suggested that the training figures conceal underlying gender inequalities. This being primarily the result of the differences in women's and men's occupational distribution, and the concentration of women in lower grades of employment. This is a situation characteristic of much of the food industry. The factors preventing women undertaking training appear to be principally family commitments and financial consideration.

2.2.2 The national training framework

2.2.2.1 Training targets

The government has promoted a training system that operates at national, local and sectoral levels.

At the national level the government has established the National Advisory Council for Education and Training Targets (NACETT) to monitor progress towards the National Training Targets, and advise the government on performance and policies which influence progress towards them. The Council is employer-led with representatives from both sides of industry and education. The NACETT will also provide business leadership in raising skill levels and increasing employer commitment to training and education. The network of Training and Enterprise Councils (in England and Wales) and Local Enterprise Companies, in Scotland (2.4.3), focus on training matters within specific geographical regions within the UK. The Industry Training Organizations (2.2.3) provide the sector specific knowledge and a strategic overview of their sector training needs.

In its document "Strategy for Skill" (Department of Employment, 1991) the government sets out its strategies for training, vocational education and enterprise, these are:

- Employers must invest more effectively in the skills their businesses need.
- Young people must have the motivation to achieve their full potential and to develop the skills the economy needs.
- Individuals must be persuaded that training pays and that they should take more responsibility for their own development.
- People who are unemployed and those at a disadvantage in the jobs market must be helped to get back to work and to develop their abilities to the full.
- The providers of education and training must offer high quality and flexible provision which meets the needs of individuals and employers.
- Enterprise must be encouraged throughout the economy, particularly through the continued growth of small business and self-employment.

The government have endorsed national education and training targets which underpin the strategic priorities and give a measure of what needs to be achieved to raise skill levels. The targets were originally promoted by the Confederation of British Industry (CBI) but are now supported by all the social partners. The targets are in two parts, Foundation Learning and Lifetime Learning.

Foundation Learning
- By 1997, 80% of young people to reach NVQ II (or its academic equivalent)
- Training and education to NVQ III (or its academic equivalent) available to all young people who can benefit.
- By 2000, 50% of young people to reach NVQ III (or its academic equivalent).
- Education and training provision to develop breadth, self-reliance and flexibility.

Lifetime Learning
- By 1996, all employees should take part in training or development activities.
- By 1996, 50% of the workforce aiming for new NVQs or units towards them.
- By 2000, 50% of the workforce qualified to at least NVQ III (or its academic equivalent).
- By 1996, 50% of medium and larger organizations to be Investors in People.

These targets are ambitious and all-embracing, with particular significance for Training and Enterprise Councils (TECs) and Local Enterprise Companies (LECs) (2.4.3), National Vocational Qualifications (NVQs) (2.4.2) and Investors in People (IIP) (2.2.5). To achieve the training targets considerable commitment is needed from industry plus the support and commitment from all aspects of the training world, TECs, LECs, Industry Training Organizations (ITOs), and of training providers.

2.2.3 Industry Training Organizations (ITOs)

The ITOs were preceded by Industrial Training Boards (ITBs) which were established by the Industrial Training Act 1964 to provide or secure appropriate training for people employed or intending to be employed in their particular industry. They were empowered to raise a levy from certain employers. Following a review in 1981 (Manpower Services Commission) the government decided that satisfactory training arrangements could be better developed without compulsion unless this was justified by a sector's specific circumstances. Since that time the ITBs have been wound up, except in construction and in engineering construction. A voluntary association of the ITOs, the National Council of Industry Training Organisations, NCITO, was established in 1988 to maintain and develop the effectiveness of independent sector training arrangements.

The Industry Training Organizations are employer led, and funded, bodies which act as the focal point for training matters at the sector level. Of the current 123 ITOs in Great Britain, eleven cover most of the interests of the food and beverage sector (see Appendix 2). Although they are not government bodies they are officially recognized by the government's Employment Department. ITO's raise their income from industry in a number of ways, including voluntary subscriptions and sale of training services. They may receive some support from the government for specific projects or research, but no core funding.

ITOs are very diverse in structure, size, membership and resources. At the invitation of the government, NCITO developed a Code of Practice to ensure that the ITOs were clear about their role and responsibilities, and effective in their operation. This Code fulfils the government's intention set out in the White Paper "Employment for the 1990s" (Department of Employment, 1988) for there to be a set of guide-

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lines by which ITOs can judge progress and identify objectives. At the heart of this Code lies a list of ideal outcomes, or performance criteria. These ideal outcomes are grouped under five headings:

- Identification of sector training needs
- Establishing training standards
- Representing sector training interests
- Provision of training-related information
- Training support and services

Thus the Code outlines four types of strategic activity: identification of sector training needs; establishing training standards; representing sectoral training interests; the provision of training related information. These are strategic in that they cover the minimum conditions for government recognition and they require active pursuit by every ITO, irrespective of its size, or of the training capability of its members. There are also support activities, including: networking or brokerage of training resources; developing training materials and techniques; providing direct training services. These are considered support activities as they may contribute to the strategic activities, but their provision does not depend on the existence of an ITO. The need for these support activities depends on the training capability of the employers in the sector. A number of ITOs engage in little or no support activities, but are still effective in terms of the "ideal outcomes" above, as they have a programme of strategic activities.

Food sector ITOs

The food and drink sector has a relatively large number of ITOs which look after its interests. Their size varies considerably, for example, the National Association of British and Irish Millers covers only 5000 employees, while other ITOs may encompass as many as 100,000 employees. Most of the food ITOs are part of, or are largely supported by, trade associations. Thus they only cover a proportion, perhaps between 75% and 95%, of the employees working within any sub-sector of the industry.

In spite of the relatively numerous ITOs, coverage across the sector is incomplete. The interests of baking (other than craft bakers), brewing and snack food industries are not currently served by an ITO. In a move strongly supported by the Employment Department, the Food and Drink Federation has recently established a new ITO, the Food and Drink Industry Training Organization (FDITO). The aim is to extend the ITO coverage in the industry although it is not intended to replace ITOs currently recognized as providing an acceptable level of service, and wishing to continue in operation. It is possible that some of the existing ITOs might wish to merge with the FDITO. Others, especially those that have been very successful in their sub-sector, see little advantage in amalgamation. It is hoped that closer links between the existing ITOs and the new organization can be established. The governing council of FDITO, and some of the other ITOs, include trade unionist and educationalist representation.

The activities undertaken by the ITOs vary considerably between the different organizations. Some of the smaller ITOs are probably the most active, especially in terms of the number of employees covered. The level of staffing in the ITOs also varies considerably, again, especially when the size of the workforce covered by the ITO is taken in to account. The Employment Department, in association with NCITO, commissioned a review (HOST, 1991) which concluded that ITOs make a valuable contribution to meeting sector training requirements.

2.2.4 Business environment

Some of the most significant developments taking place in the UK food industry are the development of quality assurance standards such as ISO 9000 (BS 5750), the adoption of quality management systems, and the Investors in People standard (2.2.5). Meeting the requirements of large retailers and other significant customers has forced many companies to work towards a quality assurance and/or a quality management system. A number of companies have chosen to work for accreditation to the ISO 9000 series standard, while others are working towards a total quality management system (TQM) as developed by people such as Deming, Juran and Crosby. Training is very much part of these systems, since, while they do not determine training policy, they do require a company to have one. A number of food companies following the ISO 9000 route have found meeting the training requirements to be one of the biggest problems.

It is not surprising that companies, especially those operating a quality management system, expect training providers to operate similar systems that will ensure the training given meets the quality standard of the customer. Many TECs and LECs insist that the training providers they use adopt the ISO 9000 standard.

Recently the Meat Industry Training Organization has established a "Network of Excellence". This is a network of training providers, private and public, that are committed to working to provide a quality service. It will enable companies in the meat industry to identify training providers they know will be striving to provide a quality product and whose performance will have been subject to an external audit.

2.2.5 Investors in People (IIP)

The employers' organization, Confederation of British Industry (CBI), proposed in its report "Towards a Skills Revolution" (1989) a national initiative to ".. highlight the steps companies should take to maximize their investment in people and ensure that they had the competitive edge to survive and prosper in the 1990s and beyond". This initiative has become "Investors in People", a national standard embodying the practices and principles used by Britain's most successful companies in developing their workforce. The "Investors in People" national standard was launched in 1990, any company whatever its size can work to reach this national standard and gain the Investors in People kitemark.

The standard was developed to provide a benchmark against which companies can measure their achievements and performance in developing their workforce. There are four principles to the standard

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from which a number of assessment indicators have been derived which are used to judge whether the company has reached the standard. The four principles of the standard concern commitment, planning, action and evaluation. The assessment of a company for the standard is undertaken by the company's local TEC.

The principles are:

- An Investor in People makes a public commitment from the top to develop all employees to achieve its business objectives.
- An Investor in People regularly reviews the training and development needs of all employees.
- An Investor in People takes action to train and develop individuals on recruitment and throughout their employment.
- An Investor in People evaluates the investment in training and development to assess achievement and improve future effectiveness.

The Employment Department see the major benefit to companies reaching this standard as:

- Improving earnings
- Reducing costs
- Improving quality
- Increasing staff motivation
- Increasing customer satisfaction
- Improving organizational reputation

To achieve the IIP status it needs a strong commitment from the most senior levels of management. The company needs a clear policy on continuing training and development, and to define clearly the business and human context in which that plan is set. Targets and standards set for development action should, where appropriate, be linked to achieving external standards, particularly NVQs, which aids transferability but is often regarded as increasing the cost. Many aspects of the standard will be met by organizations that are committed to quality management systems and the ISO 9000 standard. These initiatives will typically involve training programmes and an assurance that the training systems meet defined criteria. IIP goes further than Total Quality Management (TQM) and ISO 9000 in terms of employee development. IIP would expect employees to be aware of the business aims and targets of the company and puts more emphasis on reviewing training and development needs. More significantly the IIP standard expects employees to be made aware of development opportunities that are open to them and for them to be encouraged to help identify their own development needs. Finally the aspects relating to evaluating investments in training and development are not covered by these other standards.

To date there are about 350 Investor in People organizations, although it is estimated that about twelve hundred companies are committed and working to IIP. It is impossible to estimate what percentage of these are food companies. Two of the companies in the case studies, Bird's Eye Walls and Prospect Foods have gained the IIP award.

2.2.6 Position of social partners

2.2.6.1 Trade Union Congress (TUC)

The TUC fully supports the National Education and Training Targets but also wants unions to exert influence on employers to set targets at the enterprise level. Also they wish to see trade unions putting training and employee development near the top of the negotiating agenda in all unionized work places, and promoting a positive approach to the training and development of the workforce. The TUC believes that unions must share ownership of the agreed targets with management. They see it as the employers' obligation to open up access for all the work force and the government's obligation as ensuring that the necessary funds are available to deliver the targets. Strong support is also given to NVQs and the Investor in People standard.

A number of unions have members in the food industry, as indicated in Appendix 2, with the Union of Shop, Distributive and Allied Workers (USDAW) representing the largest number of employees. Several of the unions have representation on various ITOs.

2.2.6.2 Confederation of British Industry (CBI)

The CBI's programme for training (1989) proposed the National Education and Training Targets which seek to establish qualifications as the norm and make lifetime learning a reality throughout the workforce. The CBI would like to see all companies working towards the IIP standard.

The CBI would like to see a market created for training with the TECs (2.4.3) as regulators of the local market. They see the government funding the costs of courses for young people leading to nationally recognized qualifications and employers offering jobs to meet the wage costs, replacing the choice between a job or training by a job *and* training.

There are a number of employers organizations, as listed in Appendix 2, with the Food and Drink Federation representing the largest section of the sector. Some play a role in training by also acting as an Industry Training Organization (ITO).

2.3 Employment environment

2.3.1 Employment in the UK food industry

From 1974 to 1990 employment in the food, drink and tobacco industries fell on average by 15,000/year, with brief upturns in the numbers between June 1990 and June 1991. However, a dramatic reduction of 47,800 (15,200 men and 32,600 women) occurred between June 1991 and June 1992, the total now is 495,700 in Great Britain (Employment Gazette, 1992). The need for large numbers of unskilled process operatives has fallen as new technology has been introduced. Concomitantly, more semi-skilled and skilled operators are required to handle the high technology equipment; they are also making more routine quality control

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checks, which, in turn, has resulted in a fall in the requirement for laboratory technicians.

Changing lifestyles and eating habits of the consumer have tended to bring about alterations in the patterns of employment rather than decrease it. Figures for employment in slaughtering and the processing of meat and poultry have risen in response to demand for value-added poultry and pork-based ready meals. Manufacture of this type of ready meal for major supermarket chains is a relatively labour-intensive process.

In the dairy industry, employment has fallen from 89,709 in 1987 to 77,762 in 1991 (Dairy Trade Federation, 1992). Significant changes in the structure of the industry mean that more people are employed as independent franchisees rather than in the employment of the major dairies (franchisees have increased from 4,700 in 1987 to 8,777 in 1991). A rise in the numbers of operatives for liquid milk production has occurred due to the increased market for flavoured milks and low fat and fat free milks (5909 operatives in 1987; 6215 in 1990). Production of yoghurt and dairy desserts has increased significantly, but due to the use of efficient technology there has been a slight reduction in employment.

The Federation of Bakers report a fall in employment in the plant bakery sector, but figures for employment in the manufacture of bread, biscuits and flour confectionery as a whole have risen significantly. This can partly be attributed to an increase in small specialist companies making cakes and pastries. There has also been a rise in employment in sugar and chocolate confectionery and soft drinks production.

There is a higher percentage of men compared to women in the total workforce (Table 2.9), but significantly greater numbers of women in part-time work. The vast majority of the labour force is white (95%), with Indians being the most strongly represented of the ethnic minorities (3%). The figures show that not only is the workforce shrinking, but there was a reduced number of young people employed in 1991 both as total figures and as percentages of the workforce for that year. This reflects both the reduced recruitment during the recession, retained older workers and the expected demographic downturn of the early and mid 1990s.

People in permanent jobs in the food and drink industries make up 95% of the workforce, with 4% in temporary jobs and 1% on contracts or fixed period jobs. The mobility of the workforce in 1991 was 2 or 3% higher than in 1985. About 80-85% of the workforce remaining static in both the same occupation and the same job, with 6-11% in either a different job or a different occupation. Around 9% was not accounted for by these statistics (Labour Force Survey).

The main employment areas by activity in the food and drink industries are shown in Table 2.10. These data are collected by a different system to that used for those in Table 2.4, and cover different years. The proportion employed in the labour intensive activities are increasing, while the total employed is decreasing.

Table 2.9 - Employment in the UK food and drink industry for 1985 and 1991
(and percentage of total for each category).

	1985	1991
Total employed	658173	562423
Men	409657 (62%)	354566 (63%)
Women	248516 (38%)	207857 (37%)
Men, part-time	7310 (1%)	11045 (2%)
Women, part-time	87020 (13%)	68650 (12%)
Total part-time	94330 (14%)	79696 (14%)
Age 16-19	50599 (8%)	34711 (6%)
Age 20-24	110994 (17%)	75722 (13%)
Age 25-54	417828 (63%)	385537 (69%)
Over 54	78752 (12%)	66453 (12%)
Ethnic origin - white	611644 (95%)	517716 (95%)
Ethnic origin - Indian	7637 (1%)	14664 (3%)
Ethnic origin - Pakistani/ Bangladeshi	358 (1%)	5401 (1%)
Ethnic origin - W. Indian/ Guyanese	7241 (1%)	3035 (1%)

Source: Labour Force Survey

Table 2.10 - Major areas of employment in the food and drinks industry (% of total employed in the sector)

Activity	1985	1991
Bread, biscuits, flour confectionery	21	27
Slaughtering & meat products	13	15
Brewing & malting	12	11
Milk & milk products	8	8
Cocoa, chocolate & sugar confectionery	8	6
Fruit & vegetable processing	7	5
Soft drinks	3	4

Source: Labour Force Survey

An area of concern for the EC and government is the employment of women. Large numbers are employed by the food industry, although they remain in the lower paid jobs. Because of family commitments many women are reluctant to work shifts and consequently do not attract the premiums paid for unsocial hours. In the very large fall in the food industry's employment observed during 1991 and 1992, it has been women's jobs which have suffered most.

2.4 Training and recruitment

Training is of fundamental importance in an industry producing an essential item like food and drink. There is a moral and legal obligation to supply products that are both safe and nutritious. A considerable number of training providers, whether they are colleges, universities or private companies, deliver courses for all sections and levels of this industry. Attracting a work force of the quality required is one of the food and drink sector's major problems. Universities often experience a similar problem in

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recruiting students to food science and technology courses, although there is almost guaranteed employment on graduation. Students in schools see the industry as "craft" orientated rather than the technological industry it is. Considerable effort is made by the larger companies to improve their image in this respect.

The scope for training for young people coming into the industry is extensive, with courses that often can be taken as full-time or as part-time courses while in employment, e.g. Business and Technician Education Council (BTEC) qualifications. Universities provide MSc programmes that can be taken as a series of one week modular courses over a period of two or three years. These postgraduate courses are designed to integrate with career development programmes of junior and middle managers. Similar sector-specific modular MBA programmes are also available.

One of the more recent and significant developments is the establishment of the National Vocational Qualifications, which are qualifications gained in the work place based on a person's ability to perform a range of work activities. Another development is the establishment of TECs and LECs to coordinate the local delivery of vocational training.

2.4.1 Initial education

Education is compulsory for children between the ages of five and sixteen. All pupils follow the national curriculum up to 16 when they take General Certificate of Secondary Education (GCSEs) examinations. These are structured so a wide range of abilities can gain a graded pass within the system.

Many students continuing in school education will study up to 4 subjects leading, after two years, to the General Certificate of Secondary Education examinations at advanced (A) level. Success in these examinations can lead to entry to University courses or BTEC courses in colleges of further and higher education.

There are also many vocationally based courses available to students after GCSE, these include BTEC certificates and diplomas, City and Guilds of London Institute awards, Certificate of Pre-Vocational Education, and secretarial business skills offered by Pitmans, Royal Society of Arts and the London Chamber of Commerce. Business and Technician Education Council accredits vocational courses in a wide range of occupational areas. These can be taken as a full-time courses after leaving school or as part-time course while employed.

Over 45% of BTEC students are released from employment on part-time courses with fees paid by their employers. BTECs can be linked to more academic disciplines with students progressing to University education. BTECs successfully bridges the gap between initial and continuing education and training. BTECs operate at 3 levels of competence, first, national and higher national, these will be shortly linked to the National Vocational Qualification system.

2.4.2 National Vocational Qualifications

The National Council for Vocational Qualifications (NCVQ) was established to develop qualifications that met the needs of employment. These qualifications are intended to be within a structure which everybody can use and understand. NCVQ is responsible for their accreditation and provides quality assurance. The objective of the system is to develop people with the competence required in all sectors in order that firms may compete successfully in world markets. A similar system of Scottish Vocational Qualifications (SVQs) was established in Scotland.

National Vocational Qualifications are gained in the work place and are based on a person's ability to perform a range of work activities to national standards, as demonstrated at work. Each NVQ is made up of a number of units of competence, and within each unit are a series of elements which specify the competence. Elements are individually assessed and certification is available for each unit. A NVQ is given a title and a level to place it in a framework to show how these qualifications relate to each other and how people can progress through the system. The main purposes of the NVQ framework are to create a coherent classification for qualification and to facilitate transfer and progression both within and between areas of competence. The framework covers eleven major occupational areas and five levels of competence. The five levels of competence are defined as follows:

Level 1 competence in the performance of a range of varied work activities.

Level 2 competence in a significant range of varied work activities performed in a variety of contexts, individual autonomy and collaboration with others

Level 3 competence in a broad range of varied work activities, considerable responsibility and autonomy control/ guidance of others

Level 4 competence in a broad range of complex, technical and professional work activities, substantial degree of personal responsibility and autonomy, responsibility for the work of others and allocation of resources

Level 5 application of a significant range of fundamental principles and complex techniques across a wide variety of contexts, substantial personal autonomy, accountability for analysis and diagnosis design, planning, execution and evaluation

The specifications for the NVQ are the responsibility of the lead body for the industry, and set the national standard. A lead body may be a professional organization such as an ITO or consortium of bodies from a particular industry. The NVQs are assessed by an Awarding Body, which is approved by the National Council for Vocational Qualifications, which is also responsible for quality assurance and certification.

Table 2.11 - National Vocational Qualifications in the food and drink sector

Title	Level
Meat processing -	
- abattoir process operations	2
- manufacturing butchery	2
- manufacturing operations	2
- manufacturing packaging	2
- poultry industry operations	2
Food and manufacturing operations	1,2

Source: National Council for Vocational Qualifications

2.4.3 Training and Enterprise Councils (TECs)

The White Paper "Employment for the 1990s" (Department of Employment, 1988) announced the government's intention to set up a network of Training and Enterprise Councils throughout the whole of the UK, which would be independent limited companies, responsible for delivering training and enterprise initiatives relevant to needs of the local communities which they were serve. The key feature of the TECs was that they were to be headed by managers from industry, ensuring that leadership for the training system in the UK was placed firmly in the hands of employers. Although TECs were new organizations with a separate identity, existing organizations such as the Chamber of Commerce and Industry, Local Employer Networks and the CBI usually provided a nucleus for the formation of TEC Boards.

Development of TECs received widespread support from Business and Community Leaders, with the result that a full network of 82 TECs (England and Wales) and 20 Local Enterprise Companies (LECs) in Scotland have also been established.

Funding of the TECs

TECs are funded by the government to undertake activities which take account of the government's strategic guidance for developing skills and enterprise. TECs are also encouraged to develop additional sources of income.

Role of the TECs and LECs

TECs and LECs are asked to address key issues under each of six priorities set by the government. They are expected to provide for the long term unemployed as their first priority and work to the strategic priorities set out in the government's document Strategy for Skill (see section 2.2.2.1).

Since the TECs and LECs are intended to be "local" in their emphasis, the diversity of approaches to training and enterprise displayed is considerable. Some TECs have taken a long-term view and given priority to encouraging economic prosperity in their regions rather than satisfying short-term need with hastily conceived training programmes. Plans to steer education and training systems in directions which will encourage life long learning by individuals is also a clear message from TECs. Such plans include the development of Education-Business Partnerships and encouraging the adoption of National Vocational Qualifications by companies.

2.4.4 Educational level of workforce

The qualification level of employees in the manufacturing industry, including the food and drink sector, has increased during the period 1980 to 1990 (Table 2.12).

Greater increases are apparent for employees with A or GCSE/O levels and equivalent qualifications.

Educational attainment levels of people employed in the food industry are significantly below the average for those in the manufacturing industry, at qualification levels from GCSE/O to degree level. While there is little information available on the role of educational qualifications in the recruitment of workers, it is generally claimed that the food industry has a poor image, especially with school and college students.

Since the government disbanded the statutory Industrial Training Boards in 1982, formal returns for training carried out and money spent have not been collected. It is therefore extremely difficult to gauge the size and scope of the training effort. For 1990, the Labour Force Survey estimated that 15.4% of the 21,648m workforce received job-related training. Measuring direct training costs in terms of courses attended, trainers' fees, room hire, and the like is relatively straightforward. The true picture, taking into account opportunity costs, is more difficult to calculate.

Table 2.12 - The proportion of employees in the manufacturing industry, and the food and drink sector with various levels of qualifications

Highest level of qualification held by the employee	Food and drink %		Manufacturing industry %	
	1985	1990	1985	1990
Degree or equivalent	4	4	6	6
Higher education	3	3	4	5
A level or equivalent	17	23	28	32
O level or equivalent	6	6	12	14
CSE (below O level)	6	6	6	5

Source: Labour Force Survey

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The Labour Force Survey shows that the proportion of employees receiving training has increased during the decade from 1980 (Table 2.13). Again the food industry lags behind the manufacturing industry as a whole, with 8% and 11% respectively receiving training during 1990. There is no obvious reason why the food industry trains less. The need to maintain good hygiene and to meet due diligence requirements of the Food Safety Act would appear to imply that the level of training in the food sector should be relatively high.

working for ISO 9000 accreditation or adopting the principles of Total Quality Management and working towards the IIP standard. All are possible stimuli for training.

The Food Hygiene Regulations are of most immediate concern because of the requirement for hygiene training. As the Regulations affect almost every employee in a factory, hygiene programmes are being implemented over a period of at least twelve months. It is not possible to assess the extent

Table 2.13 – Proportion of employees working in the food and drink sector and in manufacturing industry receiving training during the last four weeks.

	Food and drink sector (%)		Manufacturing industry	
	1985	1990	1985	1990
Receiving training	6	8	8	11
– on the job	2	3	3	3
– away from the job	3	4	4	6
– both on and away from the job	1	1	1	2
Not receiving training	94	92	92	89

Source: Labour Force Survey

2.5 Future training requirements

There are many issues that need to be addressed by the food industry if it is to have a well trained workforce. One question is why the corporate commitment to training appears often lower than in the rest of manufacturing industry (Table 2.13)? Another is why CVT is not seen by the industry as central to facing future business challenges? Some companies, either as a result of cost benefit analysis or from an enlightened management, are convinced that training pays. Of the pressures shaping future training requirements, increasing business performance is always going to be the highest priority, but other factors, such as legal requirements, will have a significant influence.

The business and market pressures have been previously discussed. A response to these could be in

of commitment in the sector as a whole, although it would seem that considerable progress has been made, there is still a significant amount of hygiene training to be done before all the target population is reached.

The adoption of Hazard Analysis Critical Control Point (HACCP) procedures as required by the EC food hygiene directive will also generate new training requirements. These will be much more specific compared to training requirements resulting from the implementation of ISO 9000 accredited systems, for example.

One important question that is not possible to answer is, will the NVQ system be adopted on a significant scale by the industry, and will it help the industry meet its training requirements?

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APPENDIX 1

Table 2.7.1 - Food expenditure (current prices and %)

Food expenditure (household)	1980 £m	%	1985 £m	%	1990 £m	%	1991 £m	%
Bread and cereals	3175	13.4	4165	13.5	5963	14.2	6334	14.4
Meat and bacon	6624	28.0	7898	25.8	9832	23.5	9941	22.6
Fish	748	3.2	1055	3.4	1594	3.8	1671	3.8
Milk, cheese and eggs	3550	15.0	4385	14.3	5505	13.1	5805	13.2
Oils and fats	942	4.0	1041	3.4	1035	2.5	1043	2.4
Fruit	1300	5.5	1666	5.4	2710	6.5	2931	6.7
Potatoes and vegetables	2442	10.3	3539	11.5	5386	12.9	5852	13.3
Sugar and confectionery	2130	9.0	3022	9.9	3868	9.2	4157	9.4
Coffee, tea and cocoa	787	3.3	1179	3.8	1233	2.9	1315	3.0
Soft drinks	1183	5.0	1697	5.5	3202	7.6	3345	7.6
Other foods	774	3.3	1010	3.3	1534	3.7	1659	3.8
Total	23655	100	30657	100	41869	100	44053	100

Source: Central Statistical Office, 1993

Table 2.7.2 - Relative proportion of employment, sales and value added in UK food and drink industry, 1990)

SIC group 1980	Employment '000	Employment %	Sales £m	Sales %	GVA £m	GVA %
411	5.4	0.9	1345.2	2.6	178.7	1.3
412	116.8	20.2	8724.9	17.1	1914.4	14.3
413	39.7	6.9	6128.0	12.0	1145.8	8.6
414	18.7	3.2	1245.0	2.4	347.5	2.6
415	21.0	3.6	1184.3	2.3	272.3	2.0
416	5.8	1.0	1222.8	2.4	259.3	1.9
419	157.8	27.3	5260.6	10.3	2123.7	15.9
420	5.8	1.0	1274.6	2.5	312.7	2.3
421	54.8	9.5	3956.6	7.8	1352.6	10.1
422	21.0	3.6	3937.8	7.7	675.0	5.1
418/423	61.5	10.6	5768.2	11.3	1942.6	14.6
424	14.1	2.4	2146.8	4.2	773.6	5.8
426	3.6	0.6	577.4	1.1	153.9	1.2
427	30.4	5.3	5397.1	10.6	1151.0	8.6
428	21.6	3.7	2729.8	5.4	738.7	5.5
Total	578.0	99.8	50,899.1	99.7	13,341.8	99.8

Source: Central Statistical Office, 1993

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Table 2.7.3 – Size of manufacturing units in food, drink and tobacco (units, 1991, employees,('000) 1989)

Employment group	No. of units	%	No. of employees '000	%
1-9	6076	57.9	22.6	4.2
10-19	1345	12.8	18.8	3.5
20-49	1240	11.8	38.0	7.1
50-99	649	6.2	44.6	8.2
100-199	517	4.9	72.3	13.3
200-499	450	4.3	114.2	21.0
500-999	150	1.4	99.1	18.2
1000 & over	67	0.6	107.2	19.7
Total	10494	100.0	543.7	100.0

Source: Central Statistical Office: 1993

Table 2.7.4 – Number of enterprises and employment ('000) in food and drink industry 1985 and 1989

SIC 1980	Industry	Enterprises 1985	1990	Employment '000 1985	1990
4115	Margarine	58	12	3.1	3.1
4116	Processing oils	45	42	4.0	2.3
4121	Slaughter houses	755	514	16.9	17.1
4122	Bacon, meat processing	750	655	59.2	61.0
4123	Poultry slaughtering & processing	148	123	27.5	35.6
4126	Animal by-products	115	92	3.4	3.1
4130	Milk, milk products	402	333	41.0	39.7
4147	Fruit & vegetable processing	297	242	16.5	18.7
4150	Fish processing	287	277	27.8	21.0
4160	Grain milling	111	90	6.2	5.8
4180	Starch	26	7	1.7	1.3
4196	Bread & flour confectionery	3892	3859	116.2	132.1
4197	Biscuits	64	71	27.2	25.7
4200	Sugar	7	4	7.9	5.8
4213	Ice cream	278	255	3.3	10.6
4214	Cocoa, chocolate & sugar confectionery	317	275	47.4	44.2
4221	Compound feeds	380	301	12.7	11.7
4222	Pet foods	200	170	7.6	9.3
4239	Miscellaneous foods	814	984	63.7	60.2
4240	Spirit distilling	54	46	16.4	14.1
4261	Wines, cider & perry	86	54	4.3	3.6
4270	Brewing	171	128	35.6	30.4
4283	Soft drinks	228	207	17.3	21.6
4290	Tobacco	22	25	23.9	13.1

Source: Business Statistical Office, 1993

APPENDIX 2

Industry training organizations
National Association of Master Bakers
Scottish Association of Master Bakers
The Biscuit, Cake, Chocolate Confectionery Alliance
Dairy Trade Federation
British Soft Drinks Association
Food Manufacturers' Council for Industrial Training (until September 1993)
Food and Drink Industry Training Organisation
UK Association of Frozen Food Producers
Meat Industry Training Organisation
Incorporated National Association of British and Irish Millers
Sea Fish Industry Authority
United Kingdom Sugar Industry Association

Unions
Trades Union Congress
Bakers' Food and Allied Workers Union
Union of Shop, Distributive and Allied Workers
Transport and General Workers' Union
General and Municipal Boilermakers and Allied Trade Union
Manufacturing, Science, Finance

Employers organizations
Confederation of British Industry
The Food and Drink Federation (A federation of about 40 employers organizations)
Biscuit, Cake, Chocolate and Confectionery Alliance.
British Meat Manufacturers Association.
The Brewers Society
British Soft Drinks Association
Food Association
Federation of Bakers
Ice Cream Federation
National Association of British and Irish Millers
The Sugar Bureau
Snack, Nut and Crisp Manufacturers Association
Scottish Salmon Smokers Association
UK Association of Frozen Food Producers

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PART 2:

1. McVitie's Biscuits
2. Prospect Foods Ltd
3. David A. Hall Ltd
4. Birds Eye Wall's Ltd
5. Clifford Foods PLC
6. Tunnel Refineries Ltd

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1. MCVITIE'S BISCUITS

2.

1.1 Company overview

United Biscuits (Holdings) plc is the UK-based parent company of a group spanning 19 countries and employing over 40,000. Its sales of around £3bn per year cover biscuits and cookies, snacks, confectionery and frozen foods. McVitie's group embraces the company's European biscuit operations, of which McVitie's (UK) is the largest single section and the main focus of this study. The Manchester biscuit factory is the production site researched.

The McVitie and Price Company was established in Edinburgh approximately 150 years ago as a small bakers shop producing cakes, bread and biscuits. Over the years the company grew to become a very successful enterprise selling its products under the brand name McVitie's, or McVitie's and Price. During the course of time the batch processes were replaced with continuing conveyor systems. The business expanded and began to specialize in cakes and biscuits, further manufacturing facilities were built in London and Manchester.

In 1948 McVitie & Price and Macfarlane Lang merged to form United Biscuits (UB), with William Crawford & Sons and William MacDonald & Sons joining the group during the 1960s. In 1968 the acquisition of Kenyon Son and Craven, Europe's largest nut processor allowed the formation of KP Foods, and in 1974 Keebler Foods (USA) was acquired. Over a period leading up to 1989, the UB group pursued a policy of acquisition and diversification coupled with organic growth putting it in the top ten UK food companies. In the same year, the group re-structured into 5 main operating divisions and a development division:

- McVitie's: Sweet and savoury biscuits and cakes
- Keebler Co: Cookies and crackers, salty snacks
- KP Foods: Snack foods
- Ross Youngs: Frozen fish and seafood products, desserts and pizzas
- Terry's: High quality confectionery
- Development: Developing new markets worldwide notably Asia Pacific, China, Japan, Philippines and Brazil.

Of these operating divisions, Keebler Company of USA had, in 1991, the largest sales at almost £1bn, with profits of £67m or 7%. McVitie's group, with a lower level of £787m sales, almost 30% of which were generated outside the UK, achieved profits of £107m or over 13%. The KP Foods group, which is the leading UK snack and processed nut producer, also has major European interests. KP sales of £504m in 1991 yielded £43m profits (8%). Ross Youngs frozen and chilled foods business sales at £543m gave only £27m or 5% profits, and Terry's group confectionery £153m sales produced over 9% or £14m profits.

In early 1993 the Terry's group was sold to Kraft/General Foods (Philip Morris), which already owns the Jacobs Suchard confectionery business. At the same time, the KP Foods group acquired the premium snackfood company Derwent Valley Foods. The company's overseas snackfood interests were significantly increased in November 1992 by the acquisition of Coca Cola Amatil (now called Smith's Snackfood Company) in Australia.

1.2 UB group

UB's central group functions provide a fully integrated service to the operating divisions including: finance and accounting, business planning, purchasing, personnel, pensions, legal affairs, distribution, research and development and corporate communications.

UB's strategy for the 1990s is to become an international business and a world leader in food for snacking by developing its biscuit and savoury snack business worldwide, especially Europe, USA and Asia Pacific, building its confectionery markets in Europe and restructuring to improve returns on its investment in the chilled and frozen foods markets.

The group personnel director considers that the effective development of the group's human resources throughout the world is the key to the achievement of current and future commercial objectives. His department provides for human resource management issues, and a framework of personnel policies, which support the needs of the business. These needs reflect national and international, social and legislative changes. In addition it is responsible for the development of top management across the group.

1.3 McVitie's group

Both the McVitie's group and McVitie's (UK) operate from head offices in a new business park in Staines, a town located about 30 miles west of London. Based at Staines is the managing director for the whole McVitie's group to whom the managing director of the UK operation and other European divisions report.

A European Management Board controls the activities of the European divisions. Operation of the European Board will not be covered directly within the present case study because many of the European acquisitions have been made very recently and group policies on training and human resources development have not been fully integrated into this part of the company.

1.3.1 Marketing strategy and European development

The UK biscuit market is the largest in Europe, and since the mid-1980s has continued to grow slowly but significantly in volume and real price terms. This large mature market of some £1.3bn in 1991 is dominated by McVitie's, whose major brands and retailer's own-label production account for nearly half UK total biscuit sales. Its core products encompass leading UK brand names like Digestives, Rich Tea, Chocolate Homewheat, Hob-nobs and Penguin. Other major biscuit companies include Jacobs Bakery (BSN), Burtons (ABF) and Fox's (Northern Foods).

Exports of biscuits have grown markedly in recent years and now amount to 12% of the UK produced volume. McVitie's is the leading brand in Eire, Scan-

dinavia, and Hong Kong and its Carr's brand name is the leader in the US speciality cracker market.

In order to gain a significant position within continental Europe the group has pursued a particularly active acquisition policy in recent years. In 1990 McVitie's took over Verkade, and acquired majority stakes in three Spanish snack food companies. In 1991 investments were made in three leading biscuit companies: Oxford Biscuits (58% holding), Fazer Biscuits (49%) and Gyori Keksz (84%). Oxford is the largest biscuit manufacturer in the Nordic region and has over 50% of sales in its home country Denmark. Fazer is Finland's biscuit market leader at 40% and its fourth largest food company. Gyoryi Keksz is Hungary's largest baked foods manufacturer, with 50% of the biscuit market. Joint ventures were initiated with Wardell Roberts snack foods in Eire and further inroads into the Spanish snack markets were also made. 1992 has seen the purchase of a 74% stake in Aura, an Italian manufacturer of chocolate and confectionery, and the establishment of a joint company with Royal Brands to sell sweets and biscuits in Spain.

The McVitie's group considers that it has established its foremost position in the biscuit, cake and snack food markets of Europe through its commitment to production efficiency, quality control and effective marketing.

1.3.2 McVitie's UK – company organization

McVitie's (UK) has three operational groups: Classic, Snacks, Variety and Export each headed by a commercial director who sits on the McVitie's UK board. These commercial directors each control marketing, technical developments, market research and financial matters relating to their own area of the business and operate through Strategic Business Units (SBUs). The export division acts as the fourth SBU. Commercial departments provide the link between the various manufacturing operations and the sales force. Development and marketing of new products is the responsibility of the commercial directors.

In line with UB group management policy, McVitie's is striving for a flatter management structure, less supervision of operators, and more efficient use of new technology. This places much greater responsibility on the company to provide training to allow people to carry out their jobs effectively. It also puts more responsibility on the individual for their performance and personal development. Gaining staff of sufficient calibre to allow such a policy to be effective requires carefully planned recruitment strategies and extensive training programmes.

1.3.3 McVitie's marketing

While the biscuit market is long established and has been typically stable with a slow upward trend it also has become closer to confectionery and snack foods in terms of consumer perceptions. Products such as confectionery countlines (like Nestle's Rowntree Kitkat) and cereal bars, are frequently included in market research analyses of the biscuit market. Many new products arise in this interface between markets, while others stress high quality or traditional values. At times of consumer real income growth product developments typically emphasize premium quality and style, while recession in the economy frequently leads to trading down by consumers to more modest biscuit types. Lifestyle changes have brought about increased informality and snacking, and this, along with other consumer concerns such as healthy eating, may influence product style and image as well as ingredients and taste.

McVitie's in the UK market have positioned a number of their biscuits as convenience snacks and moved with the economic climate to develop premium products or more basic alternatives. New products and traditional brands have been strongly supported by advertising expenditure. While this maintains the marketing initiative and pushes products through the distribution chain, especially via the major retailers, the company also supplies over 40% of retailers' own-label biscuits. This latter segment of the market accounts for around 30% of the UK biscuit sales, and provides a significant source of revenue and profit for McVitie's. Both company brands and own-label products need to be competitively priced yet consistent in quality. This combination of cost effectiveness and high production standards requires a significant investment in both capital and human resources.

1.3.4 Manufacturing operations in the UK

McVitie's UK has five factories located at:

Harlesden, West London
Tollcross, Glasgow, Scotland
Ashby de la Zouch, Leicestershire
Manchester, NW England
Carlisle, Cumbria, NW England

with a smaller specialist operation in Scotland.

1.4 The Manchester biscuit factory

The Manchester factory was established during 1917 and still stands on the same site. It is located south of central Manchester in an urban location. This factory produces a range of mainline biscuit products whose labels are household names, such as Penguin, Jaffa, Digestive and Homewheat. Additionally the factory produces a range of own-label products for well-known stores such as Sainsbury's, Tesco's, Asda and the Co-operative Retail Society. The total annual sales value is comfortably in excess of £100m. There is also new chocolate refinery on the site which supplies chocolate to various McVitie's manufacturing sites and became operational in 1989. The refinery currently operates completely independently from the main biscuit factory in terms of manpower and shift patterns.

1.4.1 Workforce

Approximately one thousand people are employed on this site, of which about 60% are directly concerned with production, i.e. process operators, packers etc. (see Appendix). The total number employed in the factory has changed little over the last three years. There is a slight seasonal variation,

the production staff increases by between 60 and 80 during the second half of the year. Temporary staff are recruited from very much the same group of people each year. This site has agreed with the Union of Shop, Distributive and Allied Workers, the union representing most of the production staff, that temporary staff employed for 26 weeks in a 39 week period should become regular.
Male staff are employed primarily on the processing side and female staff on the packing side, but these distinctions are now blurring rapidly. A generation ago the workforce was almost entirely white and totally local but it is now racially mixed. This reflects the pattern of immigration into the locality and the fact that employees are drawn from a much wider catchment area than previously. The workforce is remarkably stable, only 8% per year turnover of staff. In some cases, entire families work for the company.

There are three main categories of employees based on manner of payment:

- Hourly paid – majority of the workforce
- Weekly paid – clerical and administrative staff
- Monthly paid – Jaffa and refinery staff, and management

Hourly paid

- Unskilled: The lowest level recruited and covers the packing team, hygiene operators, biscuit team operators. This group receive about 4 to 8 weeks initial training in biscuit packing and machinery operation.

- Semi-skilled: Trained to operate process plant e.g. mixing, moulding, baking, enrobing with chocolate etc. on production line producing in excess of 2000 biscuits/minute. Working on the various shift systems gives enhanced remuneration through shift allowances.

- Craft engineers: "Blue Pages", Special Engineering Grade system. These are the most highly paid of the hourly paid workers. They work in teams and are responsible for maintaining equipment. They are specialized into mechanical, electrical and electronic engineers. Strict guide-lines for recruitment is combined with four years of apprenticeship training plus day release at local further education college. The usual age at entry is between 16-20 years.

Weekly paid
Clerical: This group covers wages clerks, purchasing clerks, stationery clerks, etc.

Monthly paid – Zone 4

- Technicians: Grade G: (Bottom of Zone 4) Personnel in this group include microbiology and ingredient laboratory technicians and quality assurance staff. There are approximately 30 Grade G staff. Where special skills are required they may be recruited externally.

- Supervisors – 1st and 2nd Line supervisors: Grades H & I; Supervisors provide the link between hourly paid workers and monthly paid management, and control a team of 10 or more people.

- Plant manager: Grade I. These people are responsible for staff on a production line from dough mixing to packing.

- Junior managers: Grade J. These managers have a greater level of professionalism and a thorough understanding of technical matters and process control.

Monthly paid – Zone 3
Middle managers: A professional level with technical competence, usually qualified with a degree, HNC, HND or similar qualification. This level will include managers in factory services, employees relations, training and recruitment, safety, technical advisers and engineers.

Monthly paid – Zone 2
Senior managers: This covers the senior factory management team of 7, including operations managers A, B and C, the factory service manager.

Monthly paid – Zone 1
Senior managers: factory general managers

Shift patterns
The hourly paid workers and lower grades of management (Zone 4) usually work shifts. There are two basic shift patterns in the factory, each of these exists in a number of small variations of starting and finishing time. The shift patterns followed affects the pay received. There is a 16.66% premium for those working double day shifts, and 33.33% premium for night shifts.

1. Packing plant

Days	08.00 – 17.00
Evening	17.00 – 22.00
Night shift (permanent)	22.00 – 06.00

2. Process operators and engineers (double days + nights)

Days	06.00 – 14.00
	14.00 – 22.00
Nights	22.00 – 06.00

Women in production tend to work either days or evening "twilight" shift as these suit their domestic arrangements best. Only about 11% of the total female production workforce choose to work the permanent night shift. The pattern is similar for women working in other functions within the factory. Consequently women are amongst the lowest paid workers on the site because they do not benefit from the shift allowances. This situation is not so pronounced in the new Jaffa Cake line where 6 of the 24 newly appointed process operators are women.

Wages policy
All wages are negotiated centrally for the five major factories in the group by the Staines Head Office, with representatives from each site present. It is not McVitie's policy to compare their rates with those of their competitors. The rates of pay are, without shift premiums, about average for the area. Unemploy-

ment in the area is high so there are few recruitment problems for unskilled and semi-skilled workers. The craft engineers are highly skilled and difficult to recruit so the factory is keen to keep them, they receive top rates of pay.

1.4.2 Educational level of staff

There is little data available on the educational attainment of the factory workforce. The bulk of the unskilled and semi-skilled labour have average or less than average academic qualifications. The highest qualified hourly paid staff are the craft engineers who are generally qualified to National Certificate or Higher National Certificate level (HNC). Plant managers and supervisors in operations A and B have generally not reached high standards in compulsory education, nor do they have much post-compulsory education. Team leaders/shift managers in Operations C have generally studied prevocational courses, some to HNC or degree level. The recruitment policy for this group was to look for people with a good level of compulsory education. Technical education was not considered important. The technical competence required by the middle managers usually means that they are qualified to HNC or degree level. In recruitment to manager levels McVitie's look for people who can demonstrate that they have a commitment to personal development with good interpersonal skills and a flexible attitude. High levels of technical competence is generally not required as technical problems can be referred to the central research and development laboratories.

1.4.3 Factory organization

The general policy within this establishment is to divide the operation into a number of independent units. This has been achieved in the areas where there has been recent capital investment in plant and machinery. Thus the chocolate refining and the Jaffa Cake line, which is not yet on stream, (Operations C) are physically and operationally independent to the rest of the factory. Operations A and B, the older production lines, are as far as possible operated as separate units, however operations such as mixing cannot be divided into two separate operations, so the one unit serves both operations. The layout of the ovens and packing lines is such that the different operational units cannot be physically separated, they all do as far as possible operate as factories within a factory. There are also factory service, finance and personnel units within the establishment that serve all operations.

The biscuit production process is a highly automated continuing process with a high level of process control. It is essentially a very straightforward traditional process of:

Mixing → Moulding → Baking → Finishing → Packing

With the use of well specified raw materials the major production problem is the control of the plant. Biscuit products generally have a medium to long shelf-life and present no significant food safety problems.

Operations A
Reporting to the operations manager are a number of plant managers who work double day shifts, alternating between the shifts each week. Each plant manager is responsible for running a unit of two production lines. Process operatives alternate week by week on a double day shift. Others follow permanent double day shifts or night shift. Reporting to the plant manager are packing supervisors. The packing staff work a permanent non-rotating shift pattern, either day shift, evening shift or night shift.

The maintenance and engineering functions are overseen by an operations engineer, to whom the engineering charge-hands report.

The operatives are trained in one particular function and operate only within that function, i.e. moulding, baking operations etc. There is flexibility in the system in that the operatives can look after two similar lines and cover for others working on that operation. Plans are in operation to train the operatives to be fully flexible across functions.

Operations B
This is very similar to Operations A except that the plant managers in some case look after one production line only, but then also oversee the packaging without the benefit of a packing supervisor.

Operations C
This operation is organized on a different basis. Reporting to the operations managers are team leaders / shift managers. In this operation the production operatives, and engineering charge-hands all report directly to the shift manager. Also the operatives are trained in all aspects of the production, so the flexibility comes from people moving up and down the line. The team leaders/shift managers are normally qualified to HNC or degree level, however less qualified personnel with experience may be appointed. For the operators attitude is more important than qualification; people who can demonstrate they are committed to self development are usually selected.

1.5 Continuing vocational training practices

1.5.1 UB training policy

As described previously UB is a company that is made up of a number of operating divisions and service networks operating as stand alone independent operations. For training and development they work within a common set of guidelines and principles coordinated from the centre to ensure that agreed standards and practices are maintained.

Fundamental to UB's training and development programme is the need to maintain a workforce that will improve business performance and competitiveness. A central tenet is the belief that everybody can optimize their performance and progress by gaining a clear understanding of their personal strengths and weaknesses.

1.5.2 Management training

The management development executive, compris-

ing the group chief executive and managing directors from all the divisions, have the task to ensure that the group has ..."the best equipped management resource performing to its full potential to meet present and future needs"... of their business. Their strategy is to identify necessary manpower requirements and to focus on ways of measuring individual performance, developing and motivating people in their own and the company's best interests.

1.5.3 UB Development Programme (UBDP)

The philosophy of the programme is not only to encourage people to learn skills and knowledge but also to be able to pass on the relevant elements of those skills and knowledge to their subordinates through the process of coaching and counselling. There are three dimensions to the UBDP: management essentials, experienced manager development and the self development journal (SDJ).

- Management essentials: A formative and standardized groundwork for direct entry graduates, other external recruits and those internally promoted to junior management, typically aged under 30.

- Experienced manager development: A framework of learning designed to enable all individuals and their managers to develop the key knowledge and skills to meet the functional standards and on-going business needs. Regular reviews, separate to yearly appraisal of job performance and of the individuals potential for different roles are undertaken. Learning for the experienced manager is driven by: self assessment and development; coaching from the individual's manager; self directed use of checklists of key skills; creative dialogue between boss and individual to generate learning activities that enhance job performance and develop the individual; appropriate use of specific tailored off-job courses.

- Self development journal: This is a personal journal that explains the philosophy of the UBDP which provides a frame of reference to help the individual identify the knowledge and skills needed to do a job and offers guidelines for development. Three aspects of personal development are addressed: job knowledge and skills, business performance and managing people.

During job reviews with an individual's line manager a checklist of specific skills that need to be developed are identified. Actions and development plans with a time scale for their implementation are agreed. Performance guidelines as defined by the company enable the employee to see what is required of a person of his grade as well as the necessary skills required in a higher grade. To encourage motivation considerable emphasis is placed on the individual identifying their own training needs, as opposed to the company deciding upon them.

The Manchester factory follows the UBDP for their management staff. All staff of the appropriate grade have been given the self development journal and know about the operation of the UBDP. There is considerable variation in the vigour and extent to which it is applied. Managers who are developing their careers are given every encouragement to seek training to develop their knowledge and skills and maintain their SDJ, while it is recognized that managers settled in their career are less likely to do so, particularly those close to retirement.

1.5.4 Annual appraisal

An annual appraisal system operates for the 140 people at Manchester in Zones 1, 2, 3 and 4. It plays an important role in determining the training needs for this group of managers.

The appraisal asks:

1. Did this person achieve his/her objectives last year?

2. What are the objectives for this person next year?

3. To achieve these objectives what training will they need?

The answers go to help identify if a person has the potential to move upwards. McVitie's plans in the future to place more emphasis on the use of SDJ's in appraisals.

1.6 Training at McVitie's Manchester

1.6.1 Policy

The McVitie's group considers that it has established its foremost position in the biscuit markets of Europe through its commitment to production efficiency, quality control and effective marketing. Thus the training policy within the Manchester factory is as within the McVitie's group as a whole, to train to improve business performance. Appropriate training is available to all the workforce, this might be training in operational skills or personal development.

In general emphasis is placed on personal development, particularly interpersonal skills and team work, rather than technical knowledge or expertise. This is also the case for first-line managers. As biscuit-making is essentially a straightforward process, a relatively small group of technical experts on site and those at the Research and Development Centre in High Wycombe can be relied upon to solve any technical problems.

Senior management at the factory is striving to make a gradual change from the old hierarchy where operations were organized to function to one of operational teams. Present practices in Operations A and B mean that process operators with particular skills are able to cover for each other across the production lines e.g. moulders from the Digestive lines would be competent in manning the Penguin moulding operation. Ideally, the company would like to progress to a situation where process operators would be trained in all the skills required on any given line e.g. moulding, oven operation and cooling, etc.

The Manchester workforce is remarkably static and thus there is a considerable need for continuing vocational training to improve the skill base of the workforce. Traditionally, employees have progressed from packaging operative to plant operative. Packing team members are normally promoted to supervisor and plant operatives are normally promoted to plant manager. However difficulties arise since the personality and educational attainment of good biscuit packers and plant operatives are unlikely to be that required for supervisors and plant managers of the future without extensive re-training.

A change in the present attitude in the workforce is required to one where they are not only more responsible for their own tasks but also relate to the overall performance of the team. In operational teams it is difficult to shift the blame for poor performance to another "functional" group. Also a higher calibre of staff is generally required both in terms of the management skills of the team leaders and in the literacy and numeracy skills of the process operators. Recruitment of the right people or adequate training of the existing workforce is essential if the new working practices are to be successful.

Supervisors and plant managers represent the first levels of management within the factory and by local agreement with the workforce have been usually recruited from plant operators or process workers and supervisors respectively. Only when no suitable internal applicant can be found would any post be filled externally. The result of this policy has been that insufficient managers of appropriate calibre to make commercially significant decisions have been obtained by internal promotion. Given the strong competition in the UK biscuit market senior management has recognized that more able supervisors and plant managers are essential to the success of the business. Three short term solutions to this problem were identified:

a. promote the best of the applicants and heavily reinforce with training,
b. attempt to recruit externally,
c. transfer applicants in from other sites.

As far as possible solution (a.) was adopted along with an offer of training to any other employee, on a voluntary basis, to help them meet the basic criteria for promotion to the first level of management. This approach was adopted to increase morale and confidence in the work force. However external recruitment was required to provide supervisors and operators of sufficient quality for operational team working on the new Jaffa line C and in the chocolate refinery.

Despite the excellent facilities and resources in the training department there existed a lack of interest in the past amongst all but the very keen staff. Considerable effort is being made to make all the employees aware of the accessibility of this resource by advertising within the factory and "selling" training to everyone. Particular attention is being paid to the "traditional" part of the factory where attitudes are fairly entrenched, in comparison to the refinery or the new Jaffa line where new recruits to the company have a more enlightened and positive approach to training and development.

Briefings are held once a month for half an hour on each shift. Production lines are stopped and supervisors give all factory staff information on a range of items from local news to important company policy. The training department, including the factory services manager and the training manager have organized themselves to take 10 minutes of some of these shift briefings (including those at 3.00 am in the middle of the night shift) to let people know about all the training resources and opportunities open to them, and encouraged them to ask for training on anything they found difficult. Since new working practices were introduced, operatives required literacy and numeracy skills to fill in charts relating to e.g. quality control tests, results of metal detection tests. Some workers admitted difficulty in doing this sort of thing, the offer of training provided them with a helpline which many have taken up.

UK government ministers have power under the Food Safety Act 1990 to make regulations requiring persons engaged in food businesses and handling food to be trained. Although there is no such requirement at present consultations are taking place with interested parties on such regulations. The approach is modelled on the EC draft Food Hygiene Directive. Many companies, including McVitie's, are introducing training in anticipation of the regulations.

As a responsible food manufacturer McVitie's work to avoid the commission of an offence under the Food Safety Act. Ensuring staff have been trained to the appropriate level, being able to demonstrate that training has been carried out and keeping training under review are important factors in demonstrating that they have exercised all due diligence as required by the act.

1.6.2 Training organization

The factory training manager is responsible for establishing the training direction and standard. He is also responsible for the organization and monitoring of the training for all employees except those in the chocolate refinery and Operations C. Reporting to him is a training officer who assists him in this role particularly the monitoring of the training. Most of the training is given by the teacher operators.

There is a separate personnel and training officer (PTO) for the chocolate refinery and Jaffa line, reporting to the manager of Operations C, who works closely with the training manager. It is expected that PTOs will be established for the other operations.

The training manager organizes the appraisal system which helps identify the training requirements of all monthly staff in the factory. An annual training plan is constructed after consultation with all managers regarding the training requirements for their staff. He also liaises with the McVitie's group training manager on group policy, attending a meeting

with other training managers every three months. Regular, six weekly interval, meetings are held with the factory general manager to review the factory training policy.

The vast majority of training is done on the job or in-house. One-off requests for specialist training might be done by equipment suppliers if it involves machinery, or by external trainers if they have suitable courses. Despite their serious commitment to training McVitie's are very cost conscious and do not normally use external training providers because of the expense involved. In general the direct costs of training are relatively low, while the costs associated with trainee salaries etc. are considerably higher.

1.6.3 Training budget

The total planned training and recruitment budget for the factory in 1992 is around £500,000. The majority of this, some £250,000 to £300,000, is aimed at meeting the new (largely initial) training requirements for Operation C, the Jaffa production line, with its more technically demanding machinery. Almost all of the people involved will be new recruits to McVitie's. The new chocolate refinery is likely to absorb a further £50,000 as this too involves considerable advanced technology.

Of the remaining funds, some £150,000 will be spent at the Manchester factory. This figure covers the direct costs of training, such as those associated with the Training Centre, and training course fees outside. Cost of wages and salaries of those being trained are also met from this budget.

1.6.4 Operational skills training

A training matrix has been developed for all 30 operational teams in the factory (including the canteen). It lists along one axis all the tasks which a team must carry out and the team along the other axis. The matrix records those who are proficient and those who need training in a particular task. The matrices are used by supervisors in conjunction with the training department to identify worker's strengths and weaknesses and draw up plans and budgets for any training which is necessary.

There are training manuals and check sheets for every job done in the factory and this approach has been used for about 20 years. The check sheets are completed for each trainee. They record training given for each of the points which together make up a task identified on the matrix. Check sheets also indicate when the training was given, how long the training took, and date of completion. The instructor must confirm whether he/she considers the trainee capable of carrying out the operation under normal conditions. The training is also assessed by the supervisor who confirms that the trainee is trained to the required standard. Finally the trainee signs to say whether they agree or not with the instructor's and supervisor's assessment. Thus it is very much an assessment of competence in a particular job. The signed record also avoids disputes regarding competence to operate the plant, and enables the training department to determine when a refresher course is required. The matrix also covers any training obligations under the Health and Safety or the Food Safety Act. Mostly there is no set time limit for the training, which takes as long as necessary (within reason) for the trainee to reach the required level of competence.

Teacher operators

Much of the training is given by teacher operators. These are operators who have been trained in teaching skills within the factory. They give instruction on specific operations to workers selected by their supervisor, in addition to working on these operations themselves. There are about 60 teacher operators on the factory floor, with each shift and each line having one. They use the training manual and training check sheets to test proficiency of operators and complete a weekly progress form.

The teacher operator has the necessary skills as well as the experience to be aware of all the operational aspects of a particular job, they receive slightly higher pay than an operator, and a small bonus for each person trained. The numbers trained by a teacher operator can vary considerably from year to year or month to month depending on the factory requirements.

1.6.5 Training to meet legal responsibilities

Training to meet legal responsibilities is largely organized within the training matrix for a team, as described above. Training food handlers to meet the expected new regulations is a new training commitment. All managers have the Basic Certificate in Food Hygiene from the Institution of Environment Health Officers, who validate and monitor courses of various levels in food hygiene.

A computer-based training (CBT) package has been developed for the whole workforce by McVitie's group training department. The Manchester factory has a number of terminals running this package available to staff in the training room. It is hoped that all staff will have completed it by the end of 1992, out of a workforce of about 950, so far about 350 people including all managers have used the package. It has a built-in testing system so the programme cannot be finished unless correct answers are given to questions posed. A person of average ability should be able to complete the package in 1-2 hours. However some workers take longer, up to six hours to complete it, due to literacy problems and difficulty with the English language.

1.6.6 Personal development

A personal development programme known as *Manchester Skills Development Programme* (MSDP) has been developed at this factory. The philosophy of this programme is: know your job, how can you do it better? and, what do you need to do know to get promotion? It is aimed primarily at the eight hundred hourly paid staff but does not preclude the seventy craftsmen engineers, the eighty technical staff or the seventy supervisory staff, if they wish to study any of the programmes.

The approach is to offer several different packages of training to any employee wishing to study. Included in this offer is counselling to identify train-

ing needs, access to a variety of training packages, individual coaching at no monetary cost to the individual and in some cases the attainment of nationally recognized certificates. The purpose of this commitment to training was to raise levels of ability in order to ensure successful management promotional opportunities.

Through the co-operation of McVitie's Headquarters, Stockport and High Peak TEC (see Sector Analysis) and the senior management of the Manchester factory, seven different training programmes have been offered.

Individual employees at any level can volunteer for these training courses to meet their own individual needs. General education, technical and management subjects can be studied either in the classroom or through open learning.

The programmes open to employees on this voluntary basis include:

1. Full company sponsorship for any employee wishing to study a work related course of further education at local schools or colleges.

2. Off the job training, on food-related, process-control, computerized simulator, purchased from Rediffusion Simulations Ltd.

3. General literacy and numeracy classes, English and maths run as an evening class on Wednesday evenings on the factory site working towards a recognized examination, with no cost to employees except their time.

4. The Biscuit, Cake, Chocolate and Confectionery Alliance (BCCCA) open learning Home Study units on food production. The BCCCA (an Industry Training Organization, see Sector Analysis) assesses and certificates each employee who completes a Home Study unit to the required standard. Most of the topics offered in these units relate specifically to the sub-sector.

5. Computer, computer software and computerized training packages.

6. Open learning system leading to the National Examination Board of Supervisory Management (NEBSM) "Certificate of Supervisory Studies"

7. Interactive video learning programmes.

During the promotion of this programme all employees who had applied for a promotable position and had been turned down are targeted for special briefings.

1.7 Assessment of training by management and workforce

1.7.1 Views of McVitie's head office

Whilst recognizing the serious commitment to training shown by the Manchester factory, the training and development manager at McVitie's UK head office is aware that the training of managers has taken precedent over training of the workforce at the operative level. Recent savings in operational costs are to be directly re-invested in a far reaching programme called "The Way Forward" which is intended to bring cultural change to the whole workforce. The programme will be in two parts: team entry skills and team operation skills.

Team entry skills will seek to develop an attitude change in the workforce by teaching them skills in problem solving, the management of change, team building, safety, literacy and numeracy. Team operation skills will involve multi-skilling of the workforce down a production line (as previously discussed) but may also include interpersonal skills, e.g. customer care.

At present the Manchester factory's MSDP seeks to introduce some of these changes, but on a voluntary basis. The Way Forward will be a multi-million pound operation providing substantial on the job training during working hours and will involve imaginative schemes for implementation if serious production losses are to be avoided.

McVitie's is a strongly marketing-orientated company, and one of the key features is that its recruitment policies place more weight on personal interaction skills than on technical expertise because biscuit making is essentially a simple process. From this point of view less emphasis is therefore put on updating in technical skills for managers than might be expected in view of the company's serious commitment to training. The view taken is that interpersonal skills are far more important and that a handful of technical experts, e.g. in the Research and Development Centre in High Wycombe, can be relied upon to solve any technical problems.

1.7.2 Views of factory management

The factory general manager said that McVitie's was a very dynamic company, constantly changing in its efforts to maintain its premier position in the UK biscuit market. In contrast, the workforce at Manchester was remarkably static and a combination of these two facts had created a considerable need for training to improve the skill base of the work force. He felt that changing people's attitude to their job was essential if the change from traditional working practices to more flexible operational teams was to be successful.

The management felt that the advertising and promotion of training within the factory had been very successful with more workers than ever coming forward to use the open learning packages and take advantage of the basic literacy and numeracy classes available. They also highlighted the success of the training matrices which, while simple in concept, offered supervisors a straightforward way of identifying training needs of workers throughout the factory and canteen.

After the introduction of MSDP, managers noted some improvements in both attitudes and performance of employees. Through the enthusiasm and technical knowledge of some operators gained

using the open learning facilities, production faults were more quickly identified ensuring that only goods in prime condition were despatched to customers. Good and relevant job applications were now coming through from employees who previously would not have applied for promotable positions. A strong link now exists between the increasing numbers of females suitable for process operation vacancies and the number of BCCCA technical units being studied. A further benefit of this personal development programme can be seen in the substantial savings that have been achieved with advertising and recruitment agency fees as a direct result of internal recruitment.

In the view of the training manager, the training offered to Manchester employees addresses every educational and development training need, ranging from remedial mathematics and English through to the theory and practice of technical and managerial subjects. No employee, at whatever level, could genuinely state that his or her training needs were not being catered for. Close liaison with other training managers in the McVitie's group and with group training officers at head office ensured the free flow of ideas throughout the group.

1.7.3 Workforce views

Amongst the workforce the teacher operator systems was well-liked. They saw several advantages, principally the availability of the teacher operators for refresher instruction, often this appeared to be undertaken on an informal basis, other times the operators requested refresher instruction through their supervisor. The operators felt there was ample time available for this skill revision during production breaks.

1.7.4 Trade union view

There is a full-time convenor for USDAW, the union with the largest representation on site. Most of the training given by McVitie's was considered to be of a good standard and appropriate. Some concern was expressed regarding training of temporary staff, which was felt to be the minimum possible.

1.8 Synthesis

United Biscuits and in particular the McVitie's group were highly recommended to the UK researchers by the major trade unions represented in the company. The particular factory studied appears very concerned to maintain good relations between management and workforce, and many employees had remained with the company for over ten years. Staff turnover, at 8% is extremely low.

Throughout the United Biscuits group as a whole there is a well defined commitment to personal development and training and the results of this study on the McVitie's Biscuit Factory show that company policy is being implemented throughout the workforce from the senior management team to the factory floor. This is supported by the regular meetings of the site training manager with both the McVitie's UK training and development manager and the factory general manager.

Evidence for the factory's commitment to training, and its belief in the success of its policy, can be seen in its successful application for a National Training Award (Part 1., 2.). In addition, the factory general manager is a director of the Stockport and High Peak Training and Enterprise Council (Stockport TEC, see details on TECs in Sector Context Analysis). Despite tight cost controls, substantial funds are available for training, and managers and supervisors have been pro-active in advertising and selling training to the workforce using posters, briefings and newsletters. Cost savings were ploughed back into the training budget. Personal development and training schemes on offer to workers through the MSDP cost them nothing but their time.

Training is carried out in a methodical fashion, with the simple but effective use of the training matrix. The teacher operator system is well liked by the employees, and is but one aspect of the accessibility of training in the company. However not all training opportunities were taken up by employees, since many had scarcely used the facilities in the training department itself. The computer-based training for hygiene training had the effect of overcoming this reticence. Hence the CBT package has proved important not only for its benefit in educating staff in food hygiene but also for introducing some of the older workers to computers, and for many it has been the first time they have visited the Training Centre despite working in the factory for many years. Problems with literacy and numeracy identified whilst using this CBT package encouraged individuals to take up the basic programmes on offer under the MSDP.

The training staff at McVitie's group head office and the Manchester factory were aware of the generally modest educational qualifications of the workforce and wished to promote a cultural change as far as possible. The general policy of internal promotion to fill vacancies is coupled with a system of counselling to help those who fail to secure advancement. The appropriate training is advised to enhance subsequent promotional prospects. However new machinery and emphasis on responsibility and teamwork did necessitate outside recruitment.

Process operatives interviewed tended to associate training with initial training, and did not always recognize updating of knowledge and skills as training, i.e. the CBT hygiene training. As mentioned above, particular satisfaction was expressed for the teacher operator system, especially its informality. This gave the impression that the workforce still viewed formal training with some apprehension.

Government initiatives on human resource development such as National Vocational Qualifications and Investors in People are of interest to McVitie's, but there is a concern that they will prove costly to implement in terms of paperwork and work-based assessors. The training matrix and skills check sheet are in many respects similar to the approach of NVQs (see Sector Context Analysis) but the skills assessed are more specific to the requirements of the factory. However, compared to the NVQ, employees are not assessed to a national standard

and the McVitie's approach does not give them a recognized or transferable qualification.

At present the NVQs are only in a draft form for this sector. When final versions are available the training manager intends to assess their suitability for the McVitie's factory. The key questions are: will they raise standards, will operators make better biscuits if they reach the required NVQ standard, will they be cost effective? i.e. will they improve business performance? It is by no means a foregone conclusion that McVitie's will adopt NVQs if they can see no benefit from them. The unions nationally strongly support the NVQ system.

APPENDIX

2.

People interviewed

- McVitie's UK Head Office, Staines

Ian Webley: Employee Relations Manager
Helen Roome: Training and Development Manager

- McVitie's Manchester Biscuit Factory

James Dunlop: Factory General Manager
Ian de Courcy: Factory Services Manager
Andrew Greasley: Employee Relations Manager
Brian Humble: Training and Recruitment Manager
Bridie Fanning: Personnel and Training Officer, Operations C.
Shirley Moss: Production Training Officer
Edward Hill: Graduate Management Scheme, Trainee
Richard O'Connor: Process Operator, Mixing Room
Rose Woodrow: Teacher Operator, Packing
Pat Brownhill: Teacher Operator, Packing
Steve Brown: Plant Manager, Digestive Biscuits
Peter Goodwin: Maintenance Electrical Engineer
Terry Brammer: USDAW Convener

Company overview

Distribution of staff, by age and sex, August 1992

Part-time	Age 16 -30	Age 31 -45	Age 45 -60	Totals
Male	3	0	0	3
Femal	21	65	84	170
Full-time	**Age 16 -30**	**Age 31 -45**	**Age 45 -60**	
Male	82	157	227	466
Female	48	76	113	237

Numbers of people employed in various categories, averaged from 13 periods of 4 weeks, for the years 1989, 1990, 1991 and the first 28 weeks of 1992.

Category of employment	1989	1990	1991	1992
Direct:				
Male days	56	57	55	49
Male shifts	81	79	80	79
Male nights	130	137	152	146
Male evening	4	7	4	4
Female days	176	185	175	165
Female days p/t	24	22	20	18
Female evening p/t	125	141	141	128
Female nights	32	41	43	41
Total direct	628	669	670	630
Indirect:				
Male days	19	18	18	18
Male shifts	4	4	4	4
Male nights	1	1	2	2
Female days f/t	19	17	16	15
Female days p/t	4	4	5	7
Female evening p/t	2	2	2	1
Female nights	1	0	1	1
Total indirect	50	46	48	48

2.

Category of employment	1989	1990	1991	1992
Warehouse:				
Male days	6	7	4	1
Male shifts			4	4
Male nights	5	5	4	4
Male evening p/t	2	1	1	1
Female days	5	4	3	4
Female shifts			2	2
Female nights			1	2
Female evening p/t	3	4	3	3
Total warehouse	21	21	22	21
Repair and maintenance:				
Days	7	8	7	8
Shifts	77	72	69	73
Nights	13	14	13	13
Total repair & maintenance	97	94	89	94
Total hourly paid workers	796	830	829	793
Weekly paid:				
Clerical f/t	na	na	16	14
Clerical p/t	na	na	5	6
Total weekly paid	29	25	21	20
Monthly paid:				
f/t	na	na	124	117
p/t	na	na	13	14
Total monthly paid	140	132	137	131
Refinery:				
Monthly paid	10	10	10	11
Weekly/hourly paid	34	38	38	37
Total refinery	44	48	48	48
Microbiology laboratory – monthly paid	8	8	6	6
Total factory	1017	1043	1041	998
Leavers/transfers perm.	7	7	5	8
Starters/transfers perm.	7	12	2	7
Figures excl. YTS, casuals & trainees	8	7	1	2
All functions annual turnover (%)	8.54	9.32	8.30	7.86
Absence rate (%)	5	5	5.12	4.81
Temporary staff – May-Dec. only		38	25	

Notes:
1992 figures for hourly workers appear to be low because they cover a period up to 28 weeks (Friday 10 July) and do not reflect the higher numbers of temporary workers employed between July and the end of the year.

na: figures not available.
Direct: Directly involved in production.
Indirect: Factory support services.

Distribution of staff, grades of personnel

Level	Male	Female	Total
Manager Zone 1	1		1
Manager Zone 2	7	0	7
Manager Zone 3	23	2	25
Manager Zone 4	54	62	116
Clerical	0	15	15
Secretarial	0	4	4
Skilled	82	0	82
Semi-skilled and unskilled	469	406	875

2. PROSPECT FOODS LTD

2.1 Description of Prospect Foods group

Prospect Foods is a family owned private company based in North Yorkshire, and encompassing Bettys Cafe Tea Rooms and Taylors of Harrogate. The group's interests span food manufacturing, retailing and catering: with tea and roast coffee as its main products, along with the hand-craft manufacture of bakery and flour confectionery supplied to its tea rooms and associated retail outlets.

Founded some 80 years ago by Frederick Belmont, a Swiss confectioner who settled in Harrogate, Bettys Cafes developed a reputation for quality based on good service and products largely obtained from Bettys Bakery. The Prospect group was formed in 1962 when Bettys acquired C.E. Taylor, a family owned bakery, cafe, tea and coffee business, established in 1886. In 1993 the group consists of the two sister companies trading under their respective names: Taylors of Harrogate producing tea and coffee; Bettys providing cafes and retailing. Prospect Foods is not quoted on the stock exchange and all shares are owned by family. The group had some 700 employees and a turnover of £22 million in 1991.

2.1.1 Present structure

The main divisions of the group are shown in Table 2.1.

Table 2.1 – Prospect group

Group Head Office at Harrogate	
Catering/retailing	*Food manufacturing*
Bettys Shop and Cafe in: York, Harrogate, Ilkley, Northallerton	Taylors Tea and Coffee in Harrogate and Bettys Bakery in Harrogate
Taylors Shop and Tea Room in York.	*Mail Order* Bettys By Post in Harrogate

The Bettys outlets combine retail and catering services, with an emphasis on company bakery products, tea and coffee. Bettys By Post mail order business operates from Harrogate. Taylors at York is a retailer of the specialist teas and coffees which also has a small cafe upstairs supplied by Bettys Bakery. Taylors of Harrogate consists of three main sections:

- Pagoda House – Coffee Roasting and Tea Blending;
- St Helena House – Warehouse for supplies of tea and coffee prior to processing at Pagoda House;
- Plantation House – Distribution of finished products.

The focus of this study of vocational training will be the Taylors Tea and Coffee business at Pagoda House, although training policy matters apply to the whole group.

2.2 Markets and marketing strategy

The company endeavours to combine traditional brands and standards of service with modern production techniques and exceptional staff training to ensure high and consistently improving quality. Its catering operations and food products are largely aimed at the premium end of the market. Bettys cafes serve substantial meals as well as light repasts, and there is an Anglo-Swiss theme to the cuisine. Alsace wines, perhaps the nearest internationally well-known and traded wines to those of Switzerland in character, are featured on the menu.

In addition to meeting its own outlets' requirements, the company supplies specialist tea and coffee to the catering trade and to retailers. It also produces "Yorkshire Tea" which is well-known in the region and now enjoys national distribution. Yorkshire Tea is blended on a geographical basis to match differing water characteristics. In addition own-label tea is blended and packed for Morrisons, the leading regional supermarket.

2.3 Organization of Taylors Tea and Coffee

2.3.1 Overview

Taylors Tea and Coffee at Pagoda House receives tea and coffee in regional/varietal form after materials control and storage at St Helena House. The factory blends and packs tea in both loose and tea bag form, and roasts and packs coffee. The tea lines include five Italian IMA packing machines for tea bags and a loose tea line for speciality teas. Green coffee beans are blended, roasted and packed in an adjacent part of the factory. Bosch coffee packing machines are used. Distribution takes place from Plantation House through the company's team of drivers. Quality assurance systems are replacing the quality control methods, but monitoring is carried out at all stages of the process.

2.3.2 Organization structure

Within Taylors Tea and Coffee there is a somewhat undefined split of activities between the manufacturing and other operations. This overlap arises largely because of the recent inclusion of the coffee buying activities within the responsibilities of the Factory Manager. The broad headings of the manufacturing side are shown in Table 2.2 below, while Tables 2.3 and 2.4 give a more detailed organization structure.

All these areas remain under the control of the managing director, but in addition sales, commercial office and systems, materials control/central supplies teams report to the group administration manager/accountant. While this hierarchical reporting/organization structure exists from managing director → department heads/managers → supervisors → employees, it should be emphasized that each employee is part of a team of between 5 and 15 people under a team leader. Each team member is given responsibilities commensurate with their training and experience. Team leaders are seen as playing an important function in both control and communication: they designate jobs to team members and authorize the working of extra hours and monitor absences. They also act as a conduit for information on staff promotional aspirations and ideas for improving product and service quality.

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Table 2.2 - Manufacturing operations

Manufacturing operations				
Production		Engineering	Quality control & canteen	Coffee buying
Coffee	Tea			

Staff turnover at Taylors is now low in comparison with difficult years in the 1980s, with 15 people leaving in 1991, or some 11% of the workforce, and 16 new staff being taken on.

The wages policy is considered by the company to be at least average for the locality and slightly above average for other parts of the food industry.

Table 2.3 - Factory manager responsibilities

Factory manager responsibilities: staff areas			
Coffee Senior factory supervisor	Tea Main line tea supervisor	Engineering Chief engineer	Quality control/ coffee buying
1. Head roaster – coffee blenders and roasters	1. Team leaders – production and blending tea bags	1. Team of electricians	Coffee buyer/ Quality taster; Food technologist with:
2. Packing team leader – Bosch operators and packers	2. Speciality /Shift Supervisor – loose speciality teas		1. QA assistants 2. Canteen supervisor and assistants
	3. Team leaders – packing		

Table 2.4 - Other operations

Sales & commercial and administrative operations			
Tea buying and tasting (Buying director and consultant taster)	Distribution (Distribution manager)	Sales (Regional sales managers)	Materials control/ central supplies

2.4 Workforce

The group has some seven hundred employees divided amongst its eight branches, each employing from 40 to 180 staff. The workforce requires a wide range of specialist skills to cover the company's diverse activities, such as: baking bread and flour confectionery; coffee roasting and blending; tea blending and packing; catering and serving; retailing; buying and marketing of specific commodities and products. In this context it is perhaps not surprising that training to enhance individual skills is significant, but a major part of the training effort is concerned with teamwork, motivation and personal development.

Over the entire group, the ratio of male/female employees is 45%/55%, although in Taylors the proportion is 60%/40%. Similarly, while in the group as a whole, three-quarters of the employees are part-time, at Taylors the proportion is a mere 7%. It would seem that the catering and retailing nature of the other activities in the group particularly attract the female, part-time employee, especially given the flexibility of hours available. The breakdown of staff at Taylors of Harrogate is shown in Table 2.5.

There are no employees from ethnic minorities.

Table 2.5 - Taylors workforce

Job description	Numbers: Male	Numbers: Female	Numbers: Total
Senior managers	1	3	4
Middle managers	6	2	8
Junior/line managers	6	6	12
Supervisors	11	4	15
Skilled workers	52	25	77
Admin./clerical staff	0	11	11
Total	76	51	127

2.5 Continuing vocational training at Prospect Foods

2.5.1 Overview and company policy

Prospect group maintains that training is the cornerstone of their business. They have been the recipients of government "Training Awards" in 1988 and in 1991 and were one of the first food companies to receive the "Investors in People" accreditation (see Chapter 2). The group develops employee skills through on-the-job training and internal and exter-

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nal craft training courses. Employees are encouraged to continue with further and higher education. Staff are sponsored by the company to attend courses run by the Hotel and Catering Training Company, City & Guilds, Industrial Society and National Examination Board of Supervisory Management. Outstanding trainees may obtain one of the annual scholarships at the Richemont Baking College in Lucerne.

2.5.2 Human resources policy

2.5.2.1 Partnership

In the Staff Handbook (1991 Edition) the chapter on Human Resources Policy covers a range of issues relevant to training. In the section on "Partnership", motivational matters are addressed initially:

> "We believe that staff should share in the success of the company. We achieve this through encouraging staff to take a pride in the worth they create and by sharing a proportion of the group's trading profits amongst all staff, in proportion to their basic earnings."

Later in this section motivation through communication is stressed:

> "We believe that we must encourage involvement in and commitment to the company through effective two-way communication at all levels."

As well as the profit sharing scheme, the company agrees to pay such minimum rates of pay as are required by law, and lays down its own minimum rates elsewhere. This paragraph continues "..each member of staff should be additionally rewarded according to their efforts and achievements, within the company's guidelines."

The third paragraph gives a general policy on training and personal development.

> "We believe we must encourage all staff to seize every opportunity to learn, to train, to grow and develop their full potential as individuals as well as employees."

The company indicates that it will "respect the legal rights of staff" and will "provide, as best we can, pleasant, safe working conditions and refreshment facilities."

Policy on minority groups is also clearly stated in the final two paragraphs in this section.

> "It is our policy not to discriminate on grounds of race, religion or sex. We believe we should be an equal opportunities employer in every way possible."

> "It is our policy to look for opportunities to employ disabled people wherever this is practicable."

2.5.2.2 People, teams and leadership

This section of the Human Resources Policy describes how people in the business are organized into groups (teams) of no more than fifteen, and that team leaders have both the "responsibility and authority to lead". These responsibilities cover the areas of communication, training and appraisal.

Considering each in more detail, in the area of communication, team leaders are required to hold a "Briefing" meeting and also a "Brainstorming" consultation each month with team members. The briefing provides for the downward flow of information to members of the team about objectives, changes or other developments in the company. The monthly company "Newsletter" further informs staff of recent events. The brainstorming meetings give a forum for staff ideas for improvements. The newsletter recognizes these efforts by a short feature on the idea chosen as "Brainstorm of the Month".

Team leaders are responsible for "the training and development of individuals in their team", and their team members' individual performance.
The actual training may not be done by the team leader, but by the specialist on-the-job trainer members of the team. In addition, leaders are required to keep "formal training records for each member of the team" and to participate in the recruitment process.

Team leaders must hold "regular appraisal interviews with each member of their team to review progress and agree new objectives, particularly training objectives".

These formal requirements on the team leader supplement the "informal disciplines of listening, communicating, organizing, checking and walking the job, this makes for an organization where leadership and team work create the springboard for individuals to develop their potential with a strong sense of corporate direction."

2.5.2.3 Training Bill of Rights

In the 1991 Handbook, the directors published a fundamental and important summary of the company's training relationship with its staff which they called the "Bill of Rights".
This states that:

- "everyone has the right to the opportunity to train to be a competent professional;
- everyone has the right to earn the opportunity to learn new professional skills and to broaden their experience;
- everyone has the right to be trained by professional trainers;
- managers have the right to manage training in the best interests of all;
- everyone has the right to be rewarded according to their skills and efforts."

This Bill of Rights effectively means that all reasonable requests for training are granted in the interests of the company and the individual's personal development. This commitment applies to all staff, including the 75% who are part-time employees.

2.5.2.4 Training priorities

The staff handbook also sets out priorities for training. These are:

- setting clear written standards as a basis for training;
- training and supporting the on-the-job trainers;
- ensuring that checking and testing is done constantly and that records are kept;
- training for flexibility;
- training and development of future team leaders;
- promotion from within, other than in highly specialized skills;
- training of staff to be positive contributors to "Brainstorming", the company's framework for encouraging staff involvement in new ideas and improvements;
- training in skills such as first aid, and for the self respect of the individual and for the benefit of society.

2.5.2.5 Recruitment

The company is

> "committed to enhancing its reputation as a good employer, and to building strong long-term links with schools, colleges and the local community to ensure that potential recruits are fully aware of career opportunities within the company."

2.5.2.6 Implementation, review and monitoring

The company indicates that the branch managers/directors have the responsibility of implementing the Human Resources Policy. In addition

> "Regular audits are carried out on behalf of the Directors, by the Group Health, Safety and Audits Officer, and the Managing Director will report on progress to the group Board, quarterly."

2.5.3 Recent training history

Prospect Foods' training policy and its implementation have evolved over a number of years and continue in a state of dynamic development. Much of the company's policy as discussed above has come from the problems, lessons and successes of the past, as well as incorporating the basic philosophy of achieving company objectives through significant investment in staff training and development.

The company's Training Award in 1988 was given for their approach to the motivation of staff: despite the organization's long standing commitment to training, it was apparent that there were gaps in the staff's ability and willingness to recognize opportunities and the ways in which problems could be solved. In order to develop ownership of the firm's objectives by all and increase staff involvement, the company organized a series of one-day off-the-job conferences in Harrogate which brought together participants and customers from various sites and activities. The interdependence of the constituent parts of the company was stressed, and staff were involved together in problem spotting and solving.

In 1991, the Training Award focused on two main areas: recruitment and integration with the local community; and the adoption of a comprehensive Training Bill of Rights, which was noted in Section 2.5.2.3. In the late 1980s a combination of factors made recruitment into the UK food industry difficult.

Demographic forces had begun to decrease the numbers of young people coming onto the labour market. The public image of the industry had suffered from adverse media coverage and concerns about food safety, along with the view that its activities were generally routine and uninspiring. Add to this the relatively high rate of growth of the economy at the time, particularly based on the expansion of lighter, "cleaner" industry and the situation for the supply of new labour into food manufacturing seemed poor. Against this background, Prospect Foods recognized by 1989 that their employee turnover rates were rising, the take up of training was falling and company profitability suffering.

Prospect's response was to tackle the education-industry interface head-on in an ambitious programme to improve links with local schools. This was aimed at generating a better understanding of the industry, and Prospect Foods in particular, and at making potential recruits more aware of the opportunities offered in the company. A further objective was to improve the company's knowledge of current school activities. The scheme, called "Trading Places", involved pupils, teachers and head teachers visiting Prospect Foods, while trainers and managers from the company went to schools. Teachers gained insights into the company's business through attachments, whilst pupils undertook two-week industrial placements. Prospect staff worked with individual teachers on school projects. The measurable effects in the first year included a doubling of young recruit numbers, although the wider benefits of improved industry-education relationships were recognized, for example, by the North Yorkshire TEC who publicized "Trading Places" as one of the first examples of good practice in business education. The scheme also won a Northern Business award.

In the same year as receiving its second national Training Award, Prospect also gained the Investor in People (IIP) accreditation for its commitment to training and development, one of the first food companies in the UK to be given the award. As we discuss in the Sector Context Report (Section 2.2.5), IIP involves four basic principles from which assessment indicators have been derived: commitment, planning, action and evaluation. Since assessment of IIP is carried out by an expert from the local TEC, links with the education environment were further augmented.

2.6 Training in practice

2.6.1 Overview

Training plays a vital part in meeting the company

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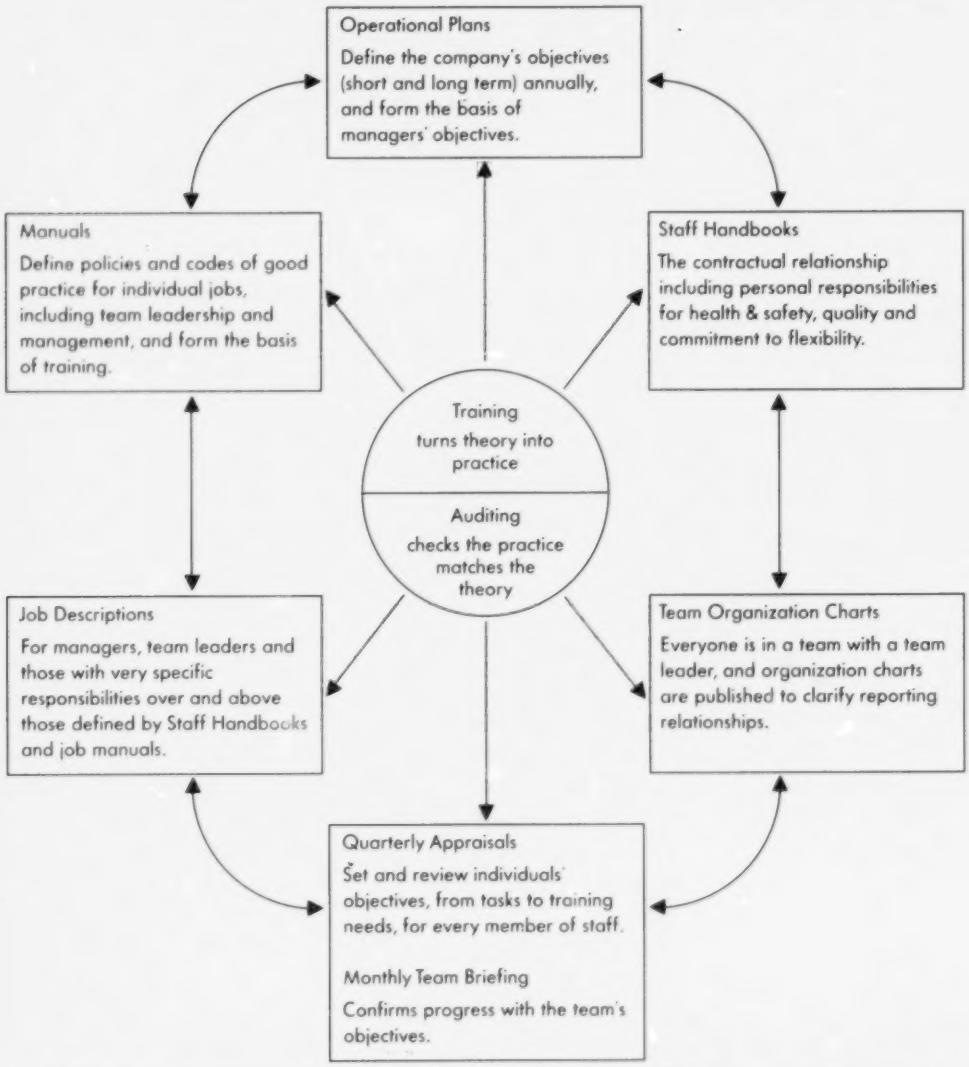
Figure 1 – How managers' and staffs' objectives and training needs are defined, recorded, and related to the company's objectives


Operational Plans
Define the company's objectives (short and long term) annually, and form the basis of managers' objectives.
Manuals
Define policies and codes of good practice for individual jobs, including team leadership and management, and form the basis of training.
Staff Handbooks
The contractual relationship including personal responsibilities for health & safety, quality and commitment to flexibility.
Training
turns theory into practice
Auditing
checks the practice matches the theory
Job Descriptions
For managers, team leaders and those with very specific responsibilities over and above those defined by Staff Handbooks and job manuals.
Team Organization Charts
Everyone is in a team with a team leader, and organization charts are published to clarify reporting relationships.
Quarterly Appraisals
Set and review individuals' objectives, from tasks to training needs, for every member of staff.
Monthly Team Briefing
Confirms progress with the team's objectives.

objective of creating

> "prosperity and worth for its staff and shareholders, customers and suppliers and the local, national and global communities. The company's chosen route to achieve this is through the manufacture and service of food and beverages with a commitment to quality and integrity, to the development of people and new ideas, and to the balancing of immediate needs against the long term security and future of the company."

This definition of "company purpose" implies securing a strong place in its chosen markets through competitiveness and profitability, and hence through a well trained, efficient workforce. Training programmes at Prospect Foods are concerned with attracting staff, motivating staff, and, as is mentioned in the quote above, developing staff potential and new ideas. The Trading Places scheme and links with local schools have been briefly outlined in Section 2.5.3, and the initial methods of gaining staff motivation mentioned earlier in the same Section. Others are discussed below, as are further issues relating to staff development.

Some of these inter-relationships are illustrated in Figure 1, which indicates how operational plans define the company's objectives and hence management goals, and how these are related to individual jobs, and the training requirements. On the other hand, staff and company responsibilities are set out in the handbook, and the role of each person within their team is defined. Quarterly appraisals relate individual objectives, team goals, and individual training requirements.

Each year specific themes are adopted, and these form the basis of the objectives for managers. For example, in 1993 the "internal customer" is the emphasis, and this in turn implies a focus on quality and service. The theme will be translated into department, team and individual team member objectives. In production, there are daily meetings of the factory manager and his management team to consider daily issues and goals. Once the objectives have been clearly set for each individual, they are left to get on with the job, seeking help from senior colleagues as and when required. The effect is to encourage responsibility and commitment, but not every individual is comfortable with this approach or progresses well initially. This management by objectives strategy represents a change in style in recent years from the very prescribed system of activities for each employee which operated previously.

The system of teams and the flatter management structure now in operation entails much more effective communication of objectives in order to allow teams and individuals to progress more freely towards their objectives. Crucially it also requires training to be of a much higher order since motivation, confidence and skill need to be combined within the team.

2.6.2 Personal development

It is not easy to separate off this aspect of training, since in many respects it is integral to the whole training scheme at Prospect Foods. The company purpose quoted above includes the phrase "the development of people", and the staff handbook formally encourages those seeking promotion to "make their ambitions known to your Manager and your Team Leader." It also notes that most promotions are from within the company, and career opportunities around the group are internally advertised.

In practice the company makes strenuous efforts to bring these policies into play. The Board of Directors' statement in the training Bill of Rights gives staff an open-ended commitment to the training of new skills when this is appropriate to the individual. The "Core Curriculum" and "The Levels" programmes discussed below give a framework of training which encourages expansion of interests and the gaining of qualifications beyond those required to carry out the particular job in the company. On the other hand, staff are not forced into progression, since training is available "on demand" after the required necessary skills and legislative commitments have been covered.

One significant part in the personal development programme is the *Breath of Fresh Air* scheme. In this programme everyone is given one week's experience per year outside their normal work environment. So, for example, a maintenance electrician spent one week "meeting and greeting" at Betty's cafe in York. Staff are asked their preference, but it is not always possible to give first choices. In addition, the limited time available for training on the Fresh Air position means only certain, relatively low-skill jobs can be used for the "new" experience. The scheme runs continuously, and people are given time in all of the main areas of the group's activities over a period of about five years.

While the Fresh Air programme takes a great deal of planning and arranging, the training team stresses its benefits in terms of personal development of individuals, communication and motivation. It is part of the process of appreciating the whole group's activities, which is particularly relevant in a vertically integrated company where the internal customer is key.

2.6.3 The Core Curriculum

Having given a commitment to offer training to all staff in the "Bill of Rights", Prospect Foods found the lack of a well defined and understood "common purpose" to the training a potential embarrassment. Hence an important development in the organization and delivery of training at Prospect Foods came with the establishment of the "Core Curriculum" in 1991. This seeks to create a structure in which individual training would take place through a programme of ordered training experiences and courses. The Core Curriculum has been described by the company as being

> "derived from a desire to satisfy many criteria: the law; the practical demands and rigours of the business; the desire to satisfy our staff and develop them; to retain them; to ensure that we all work in a safe environment conducive to individual growth; and to ensure that we create a safe and welcoming environment for our customers."

Given the variety of demands and skills within the company's activities, plus the fact that 75% of the groups' staff is employed part-time, it was a significant challenge to devise a programme where equality of training prevailed. The motivation for this approach was the market:

> "our customers expect consistent standards of safety, service and care from our staff regardless of their length of employment or whether their employment is full or part-time."

On the other hand, the programme has to "respect the craft orientation of our operations" and the modest educational background of many staff in order to create an accessible, flexible scheme that meets legal obligations on the company as defined in the 1990 Food Safety Act (see Context Report, section 2.1.2), and provides a suitable platform for individual development.

The Core Curriculum has five steps.

1. The Institute of Environmental Health Officer's (EHO) *Basic Food Hygiene Certificate*, which was to be taken within 8 weeks of commencement of employment, with a one day refresher every three years. The course is given by the six in-company tutors, with each employee attending a one-day training programme delivered by a team of two. A verbal or written examination is taken by all, and almost all staff have passed.

2. *Group Induction Day*, which was to be taken within 12 months of commencement of employ-

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ment. A group of staff visit other parts of the company to their own, and spend time with the managing director.

3. The North Yorkshire Fire Service *Fire Course*, which consists of a two-hour introduction to fire extinguishers and hands-on use, a one-day course on identifying fire hazards and practical responses, and finally an advanced one-day course on fire experience and management. This training has to be refreshed every three years.

4. The St Johns Ambulance Brigade four-day *First Aid at Work Course*, refreshed annually in-company and three yearly by St Johns.

5. *One-to-one Skills Training* is the programme of training the trainers for those who have developed their own craft skills, and wish to train new staff members. Trainers abilities are evaluated on-the-job annually.

This programme is in addition to the *Craft Training* each employee receives in their particular job, which it is intended be given on a one-to-one basis by on-the-job trainers.
Item 5 in the core curriculum recognized that for craft skills a more economical method for the company to train trainers would be in-house provision of what was previously provided by an outside training agency. It involved some questioning of the formal academic standards trainers needed to achieve, and some theoretical aspects of the outside training were dropped, which enabled more trainers to be qualified through the company system.

2.6.4 "The Levels" individual training and development programme

2.6.4.1 Overview

The latest development in training schemes at Prospect Foods represents a further step in the process to an integrated progressive programme of training, devised with current vocational qualifications in mind. It essentially takes existing company programmes and develops and restructures them to align with the National Vocational Qualifications (NVQ) levels (see Context Report, section 2.4.2) and the Management Charter Initiative (MCI).

This new development programme, not yet implemented at the time of the last visit, builds on the Core Curriculum, and shares many of its elements. It is designed to lay the essential basis of skills required for completing the job for which someone is employed, and subsequently to provide pathways for development into new areas of work, to take on new responsibilities, to become a team leader and subsequently a manager.

The scheme is summarized as follows:

Level 1 concentrates on the individual employee's job and defines the basic skills and knowledge required to become a competent, well-trained member of staff.

Level 2 expands the individual's concerns into the activity of the branch and business as a whole.

Level 3 relates to the management of your work and that of others as a team leader.

Level 4 directly links with government guidelines in the MCI, and relates to managerial skills.

Detailed requirements for each level are laid down in the company guidelines, and the award of the level status is only made when evidence of achievement is presented. In the notes below, progression to a higher level assumes competence at a lower level has been achieved and is ongoing.

2.6.4.2 Level 1

Outline
There are two main divisions in the skills and information required to successfully complete this level:

a. Operations:
   1. competence in the employee's job in accordance with appropriate skills training documentation;
   2. one week department exchange within the same branch;
   3. regular and proven attendance at team briefs;
   4. regular and proven attendance at brainstorms.

b. Information:
   1. attendance on group Induction Day;
   2. attendance on Basic Food Hygiene course
   3. a clear and proven understanding of the Staff Handbook.

Comments
The skills in a.1. are described in some 670 skill sheets and contained in the operators instruction/training manuals for each process and subject. These are developed into the skills training plan for the job and the on-the-job trainer assesses and records each trainee's competence. Other assessed aspects include: appearance and personal hygiene; communication skills with leader and other team members; efficient, safe and hygienic working practices; regular punctual attendance. a.2. involves a one-week swap of department within the same branch in order to give staff greater understanding and experience, to encourage teamwork and to develop flexibility. Information and team building are the objectives of a.3., the monthly Team Briefings, which are structured under headings of progress, people, policy, and points for action. Similarly a.4. requires attendance at the monthly Team Brainstorming Meeting.

In b.1., attendance at the group Induction Day, which is now required within 6 months of beginning employment, provides an overview of the group and the inter-dependence of its parts. Employees are required to attend the EHO's Basic Food Hygiene course b.2. within 6 weeks (not 8 as in the Core Curriculum) in order to comply with the "due

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diligence" requirements of the 1990 Food Safety Act. The Staff Handbook gives details of the responsibilities of employee and company. All these requirements are assessed by attendance records, completed training sheets, informal questioning by team leaders, etc.

2.6.4.3 Level 2

Outline
Again the division into operations and information is made. The emphasis is on the wider perspective of company activity, and on responsibilities outside the immediate concerns of the specific job.

a. Operations:
   1. competence in the employee's own job, and another area of work, again in accordance with appropriate skills training documentation;
   2. at least two of the following skills – fire deputy, first aider, one-to-one skills trainer, other specific skill related to the job;
   3. one week branch exchange;

b. Information:
   1. ability to record, store and provide information.

Comments
The a.1. requirement implies competence in a second area, just as was the case with the first area of work in Level 1. With a second area coming in, flexibility and mobility are added to the areas of competence, along with skills in problem detection and solving in both jobs. a.2. implies training in two of the specialist areas mentioned, which might include specific vocational training undertaken in order to bring extra skills to the job. The exchange a.3. involves a week at another branch of the company, and is designed to increase and broaden product knowledge, improve communication skills and develop an appreciation of broader problems and needs.

The information requirement in b.1. involves the keeping of accurate, legible records, for example, on training, COSSH sheets, production records, stock sheets, temperature record sheets, order forms.

2.6.4.4 Level 3

Outline
As well as the division into operations and information, Level 3 requires additional areas of people and finance. "People" is essentially communication, while "finance" concerns planning, monitoring and control of resources. The emphasis is on team leadership, on the wider perspective of company activity, and on responsibilities outside the immediate concerns of the specific job.

a. Operations:
   1. competence in the employee's own job, and two other areas of work, again in accordance with appropriate skills training documentation;
   2. monitoring of work standards against company standards;
   3. maintenance of safe, hygienic and effective work environment for workmates and customers;
   4. demonstration of visible leadership through walking the job;
   5. one further week on branch exchange;
   6. contribution to the action plan on the Premises Audit.

b. Information:
   1. attendance at a 2 or 3 Action Centred Leadership (ACL) course;
   2. ability to obtain, evaluate, record, and store information, and to provide information and advice;
   3. take responsibility for complaints relating to the team and its work.

c. Finance:
   4. knowledge of team needs and ability to order and receive these goods;
   5. monitoring and control of resource use in the work area, including principles and use of stocktaking.

d. People:
   1. knowledge and anticipation of team human resource needs;
   2. involvement in recruitment into the team;
   3. undertaking induction procedures for new starters in the team;
   4. carrying out quarterly appraisals with each team member and an appreciation of the importance of appraisals to individual progress;
   5. understanding and demonstration of team motivation skills;
   6. assessing the quality of training and communication within the team through team leaders self assessments;
   7. planning of work for the team and appropriate delegation;
   8. carrying out monthly briefing and brainstorming with the team;
   9. involvement in the implementation of grievance and disciplinary procedures.

Comments
The major changes in the Operations (a.) in comparison to Level 2 relate to the setting and monitoring of standards of work and attitude for the team, with "leading by example" especially significant. Knowledge of the individuals in the team and regular walking the job is required, along with wider awareness of the company's staff and activities. Team leaders also must possess the ability to understand and explain the Health and Safety at Work Act, and to keep the team up-to-date with health and safety developments. Similarly the team leader is expected to be aware of accident and emergency procedures, including fire, and other legislation such as COSHH. The regular Premises Audit, carried out by the branch manager and management team, inspects for hazards, safety risks, hygiene lapses, damaged equipment, etc. These should be anticipated and problems tackled and corrected in an action plan.

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On Information (b.), attendance at the ACL course is key, but there is also a major development in the responsibility for systems of information and the understanding and retrieval of information itself, for team briefings and brainstormings, and for the quality of the goods or service provided by the team.
In the new area Finance (c.), the team leader is responsible for the goods coming into the team's operations, involving the checking of deliveries and signing of notes, and in stocktaking.

A major responsibility for the team leader is People (d.), which involves planning of human resources in the team: balancing production demands and the changing circumstances of the team, including managing holidays, delegation, recruiting and the branch induction of new starters. Appraisal of team members is also a key responsibility of the leader, who has set individual and team objectives and targets.
The team's success will also depend on the leader's capacity to motivate the team, and generate self-worth in its members.

2.6.4.5 Level 4

Outline
This level is related to the national standards of the MCI, and requires a portfolio of evidence to be compiled by the manager for its c hievement. The criteria for this level are retained into the divisions of its predecessor: operations, information, people and finance; but the perspective is much broader.

a. Operations:
   1. maintenance of standards of operation as defined in Key Company Policies;
   2. creation and maintenance of conditions of productive work, and a quick and effective response to customers;
   3. comments on proposed changes to services, products and systems;
   4. implementation, monitoring and evaluation of changes to services, products and systems;

b. Information:
   1. a good understanding of internal and external issues which impinge on the work, including local and national community matters;
   2. good use of available information in decision making;
   3. effective recording, and storing of information received and generated;
   4. contributing to, and leading of, meetings that solve problems and make informed decisions;
   5. giving of advice through communicating current, relevant and accurate information.

c. Finance:
   1. understanding of the company Budget systems and of company accounts;
   2. making recommendations for expenditure that are intelligent and within agreed budgets;
   3. effective monitoring and control of all resources;
   4. awareness of deviations from budget and prompt seeking of advice.

d. People:
   1. the use of reliable, current information to define future staff needs;
   2. recruitment of new staff in view of team, branch and group requirements;
   3. development and improvement of team and individual staff member performance through careful planning;
   4. continued development of skills;
   5. setting, reviewing and updating of objectives for the team and its individual members;
   6. planning and allocation of work in order to achieve individual, team, branch and group objectives;
   7. the evaluation of all team members against these objectives, and the provision of feedback;
   8. establishing and maintaining the trust and support of managers, staff and those working alongside;
   9. identification and minimization of conflicts between individuals for whom you are responsible;
   10. the implementation of grievance and disciplinary procedures with integrity;
   11. staff counselling.

Comments
The scope of responsibility in area "a." requires the manager to maintain standards in, for example: supplies and resources, including in its guidance the phrase "nature, substance and quality" as in the Food Act; in dealings with customers, including the avoidance of any problem or situation that would have an adverse effect on customer relations. This is significantly wider and more external to the company than is required in the equivalent section of Level 3, although some elements of evidence remain the same, for example, departmental records, COSHH sheets. Other evidence is quite different to that required in Level 3: it involves the use of Key Company Policies; supplier lists, contacts and specifications; customer complaint forms (all at group level); Quality Audits and Action Plans; plus attendance at Head Office branch exchange and vocational courses, including the Advanced Food Hygiene certificate. The manager is required to establish conditions conducive to productive work from resources of staff, equipment and machinery. This includes creating appropriate staff working conditions, including those indicated by legislation and company policies; recording incidents, maintenance, problems; making suggestions for, and initiating, improvements in services, products and systems; implementation, monitoring and evaluation of changes.

Area b. defines the information required by the manager at Level 4, is again wider and more externally focused, dealing with local, and national issues, as well as that information that arises internally from briefing sheets, questionnaires, company

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newsletters and annual reports. Reaction to information is two-way: checking accuracy and effective storage on the one hand, use in decision making on the other.

The finance area c. is again company wide in scope, with skills being required in the understanding and use of financial systems, and the association of resources and budgets to meet both operational and financial targets. This includes the monitoring of resource use, for example in stock taking and in capital expenditure reports.

People, area d., again involves a more comprehensive understanding of human resources available to the company in relation to its needs, and to the development of the team, including recruitment. This includes knowing the strengths and weaknesses of the team members, and making the best use of training and development resources in the company; consultation with the team and use of the Training and Communication Self Assessments; quarterly appraisal systems which encourage communication; clear objectives for the team and its members and effective response to things going wrong. The planning and achievement of objectives is again carried out in relation to group requirements. The manager, on the basis of staff capabilities and team objectives, then allocates work in the most effective manner. Feedback and good relations with staff are also key elements.

The importance of the new levels system lies in its comprehensive programme of progression, providing a clear path for those who wish to advance in the company. It is linked to, but not expressed in the same way as, the NVQ and MCI externally verified schemes. One of the key difficulties in the company simply taking these external schemes on board relates to their style and language: in a company where communication is the lubricant that keeps the system running and also to some extent the glue that holds it together, the official style of NVQ and MCI documents has been seen as inappropriate. The loss may be in transferability, since a qualification at, say, Prospect Foods level 2, may not be viewed as quite the same as NVQ level 2, by a potential employer.

2.7 Cost of training

In Taylors Tea and Coffee, the cost of training in 1992 was as follows:

Training expenses:	£ 1,000
Training equipment:	£ 3,000
In-house trainers	£16,000
Third party trainers	£ 1,200

No public funding to assist training expenses was received that year. All employees received training in one form or another.

2.8 Assessment of training

2.8.1 Social partners

Prospect Foods is non-unionized, with the team structure and various formal and informal methods of providing communication between management and other staff. In our discussions with members of staff of Taylors Tea and Coffee, the overall view was of a well integrated, caring organization, that is concerned to develop staff to give the best of their abilities. This means recognizing the possibly hidden talents of some staff: the packer who had learning difficulties and is therefore very patient in teaching others; the engineer who initially appeared reluctant to give information or opinions but who is developing into an outstanding organizer.

The staff questionnaire indicates a generally good response to the management approach. The 1992 results indicated that over 80% of the respondents felt that their talents were being used well, they had enough information about important issues, they appreciated the opportunity to talk to leaders and their suggestions were listened to. 70% felt they were part of a good team and had enough praise and encouragement from their team leader, although a slightly lower proportion, two-thirds, felt they were consulted enough by the leader. Discipline was considered about right by 70%, with the rest split between too much and too little. Almost 80% considered that they had enough good training from the right people.

2.8.2 Conclusion and reporter's view

Training has been a major feature of Prospect Foods group activities for a number of years, since many of its products and services demand a high level of skill in production, catering or retailing, as well as general training to meet government regulations on health, safety and food hygiene. Comparatively recently this training effort has been reorganized into the Core Curriculum, which defines the order in which these different aspects of training take place, and a major further development introduces the concept of The Levels which expands into an individual training and development programme.

The young training team of three who manage the programmes have to walk a careful tightrope of external forces, such as government regulations, educational changes, market competition, and internal objectives of efficiency, quality, stability and development in the workforce. Continual change in the training system cannot be simply for its own sake, but needs to represent a logical improvement on the previous system, so that its purpose is perceived and it is accepted by the staff. We were not able to interview staff about the latest developments since these were not in place at the time of our last visit, but previous measures appeared well received internally as well as being judged favourably by external assessors. Clearly the success of this ambitious and comprehensive new programme will be a key element in the company's future development.

APPENDIX

2.

People interviewed
Sue Symington: group Training Manager
Caroline Hewson: Training Supervisor
Andy Barwick: Factory Manager
Richard Light: Main Line Tea Supervisor
Jayne Hirst: Quality Assurance Manager
Gary Taylor: Main Line Tea Machine Minder
Lorna Worley: Packer/Trainer

Company overview
Taylors Tea and Coffee workforce full-time

	Male			Female		
Age	16-25	26-55	55	16-25	26-55	55
1988	7	41	5	31	32	3
1992	13	50	10	20	24	1

Taylors Tea and Coffee workforce part-time

	Male			Female		
Age	16-25	26-55	55	16-25	26-55	55
1988	0	1	1	0	4	2
1992	0	1	2	0	6	0

3. DAVID A. HALL LTD

3.1 History and description of company

The brothers David and James Hall started producing meat products for their father's three shops from a small factory on the outskirts of Glasgow. The shops were sold in 1950s when it was decided to concentrate on manufacturing as sufficient attention could not be given to both the family shops and the factory. David A. Hall Ltd was incorporated in 1955, commencing operations at its present premises in Broxburn near Edinburgh in 1963.

Since its establishment in 1950 the company has a record of almost continuing growth, with turnover increasing from £18,000 in the first year to £42.5m in 1990 and £50m in 1992. The Broxburn plant initially extended to 2250 m^2, but has been expanded on several occasions to its present size of 14,400 m^2. To help achieve its expansion plans the company made a successful application for a grant from the Training Agency under Business Growth Training scheme. As a result of this programme a totally integrated business plan for developing the existing human resources was accepted. This led to the establishment of the training department in 1989.

In 1991 the company acquired an additional 9000 m^2 of factory on a site at Woodburn about one mile from the main factory. The new unit became operational in October 1992, the company were looking to increase sales by 50% when the new factory was fully operational. Unfortunately about four days before this study commenced the new factory was rased to the ground by a fire. Within two weeks of the loss of the Woodburn factory production was better than 95% of the pre-fire figure. This was achieved by purchasing a new plant for production and installing it at the old site.

Halls plan to introduce a total quality management programme in the near future, which they prefer to call a "Total Business Improvement Programme" as this emphasizes the need for everybody to be involved with quality. The company has defined a mission and quality statement. Their near-term plans include a commitment to working towards the Investor in People standard.

3.2 Markets and marketing strategy

Halls manufacture mainly pork products including: bacon, ham, gammon, sausages, sliced cooked meats, black pudding, various pates; plus a range of baked products such as pork pies, steak pies and sausage rolls. In addition the company produces an increasing variety of added value breaded meat, and vegetarian, products a number of which are marketed as "crunchies" and "pork parcels".

Over the period 1989 to 1991 in Great Britain there has been a reduction in the consumption of carcase meat and meat products from 1019g to 962g per capita per week. Over this period the consumption of carcase meat has generally been lower in Scotland compared to England 290g and 355g per person per week, similarly for bacon 84g and 145g respectively. However, the consumption of other meats and meat products in Scotland at 421g per person per week is above the average in England of 355g. The trend in Great Britain is towards increasing consumption of convenience foods, as indicated by the rise of 3% in expenditure over the period 1990 to 1991, compared to a 1% increase for all food groups. In Scotland the expenditure was 4% greater than the Great Britain average for convenience food. (Ministry of Agriculture, Fisheries and Food 1992)

Halls is a major bacon curing company supplying a region where bacon consumption is low compared to the rest of the Great Britain. However the consumption of meat products and convenience food is higher here than average. Since Hall's has to be competitive to retain its position in the market, the company is developing their range of added value products in line with local market trends.

Approximately 50% of the company sales are through the "Halls" brand label, and distributed to small retail units in Scotland and Northern England though seven distribution centres. The rest of the production is sold directly to large retailers such as Marks and Spencer, Tesco, Co-op, Asda, and Safeway. As distributing to small retail outlets through their own van sales network is expensive, there is an increasing tendency to distribute to a central depot of a supermarket. This also follows the trend for increased supermarket sales as consumers move towards one-stop shopping.

3.3 Halls manufacturing and distribution operation

3.3.1 Manufacturing

David A. Hall Ltd is a privately owned company, with many members of the Hall family involved in the day-to-day management of the company, as well as on the Board of Directors. It is Scotland's largest independent bacon curing, cooked meats and sausage manufacturers. They purchase and slaughter nearly 4000 live pigs per week, producing a range of cured meat products, sausages, savoury bakery products, delicatessen goods, traditional cooked meats, haggis (Halls are the worlds largest producer) and other value added products. The departments in the factory are: Lairage, Slaughterhouse (EC approved), Butchery, Curing, Bacon prepacking and slicing, Cooked meat, Sausage, Bakery and laboratories.

Meat processing is not highly automated compared to most of the food industry. Slaughtering and butchering are labour intensive operations requiring skilled workers, and many of the other operations such as curing, cooking and slicing are difficult to arrange into a fully automated continuing flow process. This is mainly due to the nature of meat, which is generally too soft and flexible to be conveyed and positioned reliably by mechanically handling. The production and packaging of convenience foods are also very labour intensive processes, mainly as a result of the number of components in the retail pack. In general the level of technology employed in the factory is comparable with other meat processes in the UK. Most of the products produced present considerable potential for food safety problems. The cooked meat department, especially the slicing and packing operation is an

area where significant control and care has to be exercised, this includes regular health checks of all employees working in this area.

3.3.2 Distribution

Halls operate six distribution centres in Scotland and one in Tyne Tees in England, operating a total of 100 vans with 140 people employed on van sales.

3.4 Workforce

The company employs over 1350 people. It is situated in an area where there is a good supply of labour to draw on, albeit with generally a low level of initial education. Indeed few of the employees have any formal qualifications. Wages are understood to be generally slightly above average for the area, mainly to compensate for the unpleasant environment in a meat processing factory.

A small number of temporary workers are taken on for peak periods at Christmas, Easter and Summer. These generally come from the same pool of people on each occasion. Students from local colleges of further education and universities are used.

The factory operates on two shifts, 6.00 to 14.00 and 14.00 to 22.00. A number of workers, such as those in maintenance, hygiene and production units preparing for the day shifts e.g. cooking and bakery, also work a night shift of 22.00 to 06.00. Butchers, abattoir workers and quality assurance department follow a 07.45 to 16.45 shift and the office 08.45 to 17.00. A 33% and 50% shift premium is paid to workers on the evening production and night shifts respectively.

The position of a manufacturing operation employee in the company organization is indicated by hat colour, for example, blue hats are worn by management personnel. Table 5.1 shows the grade structure, with associated qualification and competence levels, as indicated by the Scottish Vocational Qualification (SVQ) or National Vocational Qualification (NVQ) (see Context Analysis).

Progression to a higher grade or level will only be considered once a person has achieved the minimum qualification for the higher position. This structure is relatively new so many people do not have the minimum qualification for their grade.

There are four grades of operatives, A, B, C and D. Recruitment is generally in to the lowest level, D. An operator will be assessed for upgrading to C grade and after further skill training to B or A grade. The distribution of workers between the different grades depends on the degree of flexibility required in the department. "A" grade workers are trained in all the operations of a department, but for efficient working it is not necessary for everybody to be this grade, most will be B or C grade. Operatives within a department work as team, and are assigned work by their supervisor depending on the day's production requirements.

A system of team briefing has recently been introduced to improve communications between management and workers at all levels, and its effectiveness was clearly demonstrated after their recent fire.

3.5 Training policy

Prior to 1989 training was arranged in an informal way, with few, if any, procedures to identify training requirements. The company has grown substantially over the preceding years and future significant

Table 3.1 – Management structure and qualification (internal arranged and validated qualification unless otherwise indicated)

Grade	SVQ level	Basic qualification for grade
Managers – (five grades) Blue hats	6	Post graduate Diploma in food control[1]. Hygiene Course (Diploma level)[2]. Management Charter initiative[3].
Supervisor – Yellow hats	4	Institute of Supervisory Management.[4]
Charge hand – Green hats	3	Higher National Certificate[5] in Food Manufacture.
Lead hand – Red hats	2	1 day HASAWA[6]. 1 day hygiene course. 4 day supervisory course.
General operative (four grades)	1	Induction course. 12 weeks job skills training. 1 day food hygiene course.

[1] Professional qualification validated by the Institute of Food Science and Technology, London.
[2] Course validated by the Royal Society of Health.
[3] Course validated by MCI Russell Square, London
[4] Course validated by ISM, Mansell House, Litchfield, Staffordshire
[5] Business and Technical Education Council qualification
[6] HASAWA, Health and Safety at Work Act, internal course on safety to meet requirements of the Act.

expansion is envisaged. A consultant who was employed under the Business Growth Training package persuaded Halls that to maintain a competitive edge over their rivals in terms of product quality and productivity they needed to improve training and personnel development. At the time criteria for promotion were vague and based more on personal relationships than ability to do the job. It was decided to invest in training with the objective of developing the existing, but largely untrained workforce. Few had any formal vocational qualification. The objective was a flexible committed workforce with qualifications appropriate to their grade (Table 3.1).

Training is now extended to all aspects of the company. All levels of the workforce are given the opportunity, and encouraged, to obtain appropriate qualifications. With operators the main emphasis is on operational skill development, with supervisors and management the emphasis is on personal development to enable them to take on managerial responsibilities.

To motivate employees to undertake training they are encouraged to work towards nationally recognized qualifications such as NVQ or SVQ with much training being undertaken during working hours. Small gifts, such as engraved glass tankards, have been given to mark the successful completion of a course of work leading to a qualification.

3.6 Training programmes

The training department was established in 1989, and currently consists of a training manager and an assistant. They operate in conjunction with 20 training officers. Each department has at least one training officer, several have more depending upon their size. Trainers receive 2 days instructional techniques and take a 4 day trainer/assessor Scotvec module. The main function of the training officer is to identify and agree training requirements with departmental managers and then train operatives in the basic skills used in the department. An important aspect of this is maintaining training records. The training officer undertakes production work when not training, and receives extra pay for their training responsibilities, whether or not they are training. A department is compensated by the training department when the training officer is training and not available for production. Personal development programmes are arranged directly by the training department.

3.6.1 Operator skills training

Initial training and training in specific skills within a department are the responsibility of a departmental training officer. A new recruit will take part in a 12 week induction programme to help integrate new employees into the organization as quickly as possible. Induction also is used to meet training requirements of the Health and Safety at Work Act and basic hygiene training. An employee's progress is assessed during induction after 2, 4, 8 and 12 weeks.

The training requirements of a department are identified through the training records, these records are usually maintained in the form of a training matrix, as shown in Appendix 2. Workers looking to be promoted to a higher grade will also request the necessary training for the new grade. The training officer will agree with the department manager or supervisor the necessary training requirements for the efficient operation of the department. Training is given and assessed in the work place, the operative has to demonstrate competence to the training officer and department manager, their assessment is openly discussed with the operative. There is no specific time length to the skills training given to an employee.

3.6.2 General skills and personal development

The training department encourages all employees in all aspects of the business to improve their skills and competencies in the workplace. A number of internally organized and run courses are offered, Table 3.2.

The company is an accredited training centre for Meat Industry Training Organization (MITO) (See Context Analysis) and an approved training organization for the Lothian Local Enterprise Company (LEC). The Institute of Supervisory Management have recently accredited Halls as an approved open learning education centre to conduct management or supervisory courses for this awarding body. Operatives are encouraged to work towards nationally recognized and transferable vocational qualifications such as NVQs and SVQs. A number are working for level 2 NVQ's, for which MITO is the lead body for the meat industry. Through accreditation of prior learning it is anticipated that a majority of the operatives could achieve a NVQ level 1.

Other NVQ's are used including;

NVQ	level 2	Butchers; Distribution; Stores; Bakery; Clerical
NVQ	level 3	Clerical; Technician – Electrical; Technician – Mechanical
NVQ	level 4	Management

Completion of a SVQ/NVQ in some instances involves the use of external training providers. In these cases either employees attend local colleges or external teachers are brought to the company's premises to provide tuition.

3.6.3 Training activities in 1992

A considerable variety of training courses were arranged or run using internal or external training providers. A total of 1238 participants, from 945 employees, or about 70% of the work force took one or more of over 70 courses. A total of £70,300 was spent on training courses, which represents the cost of the training to the training department, staff costs, external training providers, materials extra. It does not include the employee's time while training or other training department activities. The principal training course activities during 1992 were hygiene training to meet the proposed EC Hygiene Directive, and induction training for new employees. Other courses covered a range of topics representing most aspects of industrial life, from safety

Table 3.2 – A selection of the internal courses available from the training department

Course title	Duration	Cost[1]	Number trainees
Basic Supervisory	4 days	£200	38
Supervisory Management (ISM)	240 hours	£500	4
Food Hygiene	1 day	£ 50	560
Health and Safety	1 day	£ 50	na
COSHH Regulations	½ day	£ 30	na
Noise Regulations	½ day	£ 30	na
Effective Communication	1 day	£ 50	na
ACL and Team Building	1 day	£ 50	na
Time Management	½ day	£ 30	na
Induction	½ day	£ 30	295
Introduction to Supervisory Management (ISM)	40 hours	£ 50	na
Team Briefing	½ day	£ 30	114
TQM	1 day	£100	na

[1] Includes training department costs only; na: not available.

training, use of fork lift trucks, team briefing techniques, to anti-smoking clinics, counselling techniques and training for union representatives. More recently an innovative course in fire fighting and fire prevention has been used.

Two types of courses were used for hygiene training, the major activity of the year. A basic course for the majority of the employees (560 participants) and an intermediate course for managers (21 participants). Approximately 43% of the workforce received hygiene training during 1992, accounting for 45% (£32,200) of the expenditure on training courses.

The commissioning of the new Woodburn site was responsible for the high level of induction training for new employees. This was given to 295 employees, representing nearly 22% of the workforce and 12.5% of the total budget spent on training courses.

3.6.4 Management supervisory studies

This course has been designed as a result of a need identified by a training needs analysis instigated under the Training Agency, Business Growth Training Option 5 Programme. Production managers have many years of practical experience, but have not received training in managing people. To send these managers away for training could cause production problems, so an open learning course was proposed. The contents of the course were determined by Halls in association with another company some of whose employees would also be participating in the scheme and with a representative of the Open College[7]. The course proposed follows the Open College Effective Supervision course, supplemented by group sessions on specific topics, leading to the Institute of Supervisory Management certificate. The group sessions are held on the company's premises.

The syllabus consists of;

1. Open learning through the study of Open College Effective Supervisor programme – 240h
2. Practical group work sessions on specific topics led by the training manager – 30h
3. Specialist courses provided by external training providers – 5 days

There are five modules covering Communications, Managing People, Finance, Employment, and Techniques. Assessment is based on written assignments, workshop sessions, and a project report.

The course is being followed by managers for various sections of the company, production, distribution, finance etc. and by people at various levels. While existing managers (blue hats) will be expected to follow the course a number of other grades, including yellow hats and operatives, have been encouraged to follow it. The current course has 34 active students.

3.7 Assessment of training

3.7.1 Halls workforce

The employees recognize that substantial change has taken place within the company since the establishment of the training department. Several of those interviewed had been with the company for a number of years and had left school with few, if any, qualifications. A number have, with considerable personal satisfaction, successfully completed courses for a nationally recognized qualification. This, and the resulting increase in responsibility at work, has increased their job satisfaction to a level not previously experienced.

Training officers have in some circumstances found difficulties in establishing working relationships with

[7] The Open College was established in 1987 to provide and encourage wide access to vocational education and training through open learning, it offers a broad range of services within the area of open and flexible learning, including customized training programmes.

older colleagues who had been with the company for many years. As a result of using Training for Trainer courses, the confidence of the department training officers has improved and overcome these initial difficulties.

3.7.2 National reporter

A substantial change has taken place in the training policy at Halls since 1989. The policy is designed at training an existing, largely untrained workforce. The workforce on the shop floor is largely appreciative of the training they have been given, and are generally well motivated. A problem could develop with the managers and supervisors, blue hats and yellow hats, who have been with the company for some time. The criteria originally used to promote or appoint these people is not necessarily the same as that used by the company today. Those well established in their jobs might well be reluctant to train to meet the new standards. If the qualification structure is adopted as a formal requirement will it lead to the demotion of these people? A formal appraisal scheme is to be phased in over 5 years as part of the human resource development strategy which will provide counselling for these reluctant incumbents.

The level of acceptance of the training policy is not completely uniform across the company. If this is a reflexion of the views of the upper management and directors it could indicate potential long term problems for the training policy.

Much of the company's approach to training is transferable to other companies. They see working to achieve a nationally recognized qualification as important. They use a simple matrix method for identifying training requirements. Perhaps most importantly they are committed to training to give them a competitive edge, although it is not clear what stimulus gave them this view.

References

MAFF (1992) Household Food Consumption and Expenditure 1991, Annual Report of the National Food Survey Committee, HMSO.

2.

People interviewed

David Taylor, Training Manager,
Margaret Cairns, Training Co-ordinator,
Jackie Smith, Training Officer, sliced cooked meats,
David Ritchie, Charge hand, green hat – bacon curing,
Stuart Forest, Butcher, and Branch Secretary for the Union of Shop, Distributive and Allied Workers,
Gordon Wilson, Manager, Bakery Department.
(initially recruited from a job creation initiative)

Company overview

Sales; 1991 £48.6m Staff turnover; 6.5%

Staff structure as at November 1 1992

(Figures for 1988 were not available)

Permanent staff

male				female			
16-25	26-55	>55	Total	16-25	26-55	>55	Total
Full-time							
137	434	38	609	85	309	24	418
Part-time							
2	3	6	11	15	174	8	197

Temporary staff

male				female			
16-25	26-55	>55	Total	16-25	26-55	>55	Total
5	16		21	53	56		109

Grades of personnel

Job description	male	female
Senior managers	13	1
Managers	42	8
Supervisors	45	30
Skilled workers -maintenance	137	
Semi-skilled workers – technical	22	24
Unskilled	378	612
Clerical/secretarial	4	49
Total	641	724

Skills analysis, bacon pre-pack line 4

	Splitter	Assistant	Tiromat splitter	Tiromat	Scale packer	Packer		
	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Stage 7	Hand slicer misc. operation
Ellen	P/N	P/N	P/N	P/N	P/N	C	P/N	P/N
Beth	P/N	P/N	P/N	P/N	P/N	C	P/N	P/N
Margaret	P/N	P/N	P/N	P/N	P/N	F	P/N	P/N
Donna	P/N	P/N	P/N	P/N	P/N	C	P/N	P/N
Angie	P/N	P/N	P/N	P/N	P/N	P/N	P/N	P/N
Clair	P/N	P/N	P/N	P/N	P/N	P/N	P/N	P/N
Patricia	P/N	P/N	P/N	P/N	P/N	P/N	P/N	P/N
Maureen	P/N	P/N	P/N	P/N	P/N	P/N	P/N	P/N
Marion	P/N	P/N	P/N	P/N	P/N	P/N	P/N	P/N
Peter								Presser and line supplier
Alex								Presser and line supplier
Grant								Presser and line supplier
Hector								Presser and line supplier
Andy								Material handler
Lachlan								Material handler

P/N: Performs now;
C: Cover;
F: Future

4. BIRDS EYE WALL'S LTD

2.

4.1 Company overview

Birds Eye Wall's Ltd is part of the Unilever group which is one of the world's largest group of companies. Their stated policy is to be foremost in meeting the daily needs of consumers across the world in their chosen markets. The greater part of Unilever's business is in branded consumer goods, primarily foods, detergents and personal products. Its other major activity is in speciality chemicals.

4.1.1 Unilever

The two companies Unilever PLC and Unilever NV operate as nearly as is practicable as a single entity, have the same directors and are linked by arrangements including an Equalization Agreement which is designed so that the position of the shareholders of both companies is as nearly as possible the same as if they held shares in a single company. The Unilever group divides its operations into four product groups: detergents, personal care, foods, other.

Within the Unilever group the food executive has strategic and financial responsibility for their food operations. The Unilever food companies in Europe are listed in Appendix 1. The executive operates through area groupings: Northern Europe (includes UK); Southern Europe (includes France); North America.

Within the Northern Europe and Southern Europe groups each company operates semi-autonomously. In each country there is a National Management which coordinates activities in areas which are common to all Unilever companies, such as tax and some aspects of training. The National Management is not responsible for financial matters.

4.1.2 Birds Eye Wall's Ltd

Birds Eye Wall's was formed in 1981 when Birds Eye Foods was merged with another Unilever Company, Wall's Ice Cream. This merger created the largest frozen food and ice cream business in Europe. During the period of 1984 to 1987 the Birds Eye Wall's company underwent a period of re-structuring. Four sites were closed with production being rationalized into four sites managed as three production units. The Hull and Grimsby sites are managed as one unit, Table 4.1.

Table 4.1 – Employment in Birds Eye Wall's, 1992

Location	Operation	Staff
Walton on Thames	Head office	500
Hull	Vegetables and frozen fish products	850
Grimsby	Frozen fish products and meals	1500
Gloucester	Ice cream	1000
Lowestoft	Frozen vegetables, burgers and potato products	1000
Total work force		4850

4.1.3 Birds Eye Wall's – Humberside

There has been food processing activity on the Birds Eye Wall's Ladysmith Road site in Grimsby since 1899. Originally a family-owned business called Smethurst, it was the first company in the UK to operate a fish quick-freezing plant. In 1946 Unilever took over the business and in 1957 Smethurst's was merged with Birds Eye Foods. The Grimsby factory was so successful that Birds Eye expanded their operations in the region, acquiring their first premises in Hull in 1959. Originally the Hull factory supplied fish moulds to the Grimsby operation, later it developed other products including frozen vegetables.

Within the Humberside area there is a high concentration of food manufacturing companies. Birds Eye Wall's is unusual in the area for having substantial operations on both banks of the Humber, and the Hull and Grimsby sites play different but complementary roles. They are equal and largely independent operations with some common management. This study examines the training operations of the Grimsby site only.

In 1989 Unilever decided to invest £40m in a new production facility and new fish finger plant. The new facility, known as Europa House, began producing frozen meals in March 1990. The Grimsby complex is developing products the for Dutch and Belgium market, replacing those previously manufactured at the Iglo-Ola factory in Hoogevee Holland. The company has obtained a European Commission Licence to export meat products to other EC countries.

4.2 Products and process

At Grimsby there is the 2-line fish finger factory and the 7-line high technology Europa factory producing ready meals. This site manufactures fish fingers for the UK and Europe. In a highly automated process, frozen fish blocks are cut to the required size, breaded, fried and packaged in a continuing process, before being frozen. A wide range of added value meat products are also produced here under the "MenuMaster" label as well as low fat ready meals branded as "Healthy Options". Although mainly a continuing production line, a large number of manual operations are required to assemble the products. Good hygiene and product protection is an important priority for frozen foods.

4.3 Markets

The UK frozen food industry is now characterized by a few major players producing the household name products, and by a multitude of smaller producers who supply retailers with own-label products at prices which offer serious competition to Birds Eye Wall's and the other major manufacturers. Birds Eye Wall's has the largest share of the frozen food market (about 25% in 1988), although in certain niche areas other manufactures have a significant share. Ross Foods (United Biscuits) is next with about 11% (Economist Intelligence Unit, 1991). Frozen food consumption in the UK is high compared to most EC countries, as shown in Table 4.2. The consumption of frozen foods is relatively static, but with some increases particularly in convenience foods and cereal based foods (Table 4.3).

There has been a reduction in consumption of bur-

gers and convenience fish products. For all the other categories, both the proportion of households purchasing and the level of consumption has increased, the latter at a slightly higher rate. Despite the recession the market for Birds Eye Wall's traditional peas, beefburgers, fish products and waffles has remained steady, with a very small decline in the ready meals market during 1992.

Birds Eye Wall's produce only their own branded goods which include household names like "MenuMaster", "Healthy Options" and "Country Club" vegetables. The Grimsby factory does also produce a small amount of products for Italian, Dutch and German Unilever companies.

Table 4.2 – Frozen food consumption in a number of EC countries, 1989

Country	kg/head
Denmark	24.5
UK	21.9
France	18.4
Norway	17.4
Netherlands	15.8
Germany	15.2
Belgium/Luxembourg	14.4
Ireland	13.7
Italy	5.8

Source: Birds Eye Wall's "Retail Business calculations"

Although products are marketed through the large retail multiples a significant proportion has been sold through small independent retail outlets. The retail market share of this group of retailers is decreasing, and this trend is likely to continue. The major multiples have been very successful in marketing their own-brand products, which are now often perceived as quality products. Both these factors are putting pressure on Birds Eye Wall's market.

Table 4.3 – Household consumption of frozen foods

	Household consumption (oz/person/week)		Households purchasing (%)	
Frozen food	1985	1991	1985	1991
Burgers	0.91	0.70	15	10
Convenience fish products	1.05	0.90	19	14
Convenience meat products	1.20	1.55	14	17
Convenience cereal foods	0.90	1.22	14	15
Vegetables	1.60	1.96	13	15
Ice cream/mousse	2.86	3.33	17	19

Source: Ministry of Agriculture, Fisheries and Food, 1985 and 1991

Through its food group executive, Unilever is harmonizing frozen food products on a Europe-wide basis. The Grimsby site needs to match any European food supplier in environmental, bacteriological as well as product quality standards. These factors are adding to the pressure for increased productivity.

4.4 Humberside management structure and organization

Reporting to the factory general manager are: two operations managers, one for Grimsby and one for Hull, plus the personnel, commercial, planning, technical, engineering and agricultural managers. Each department has teams operating on both sites.

The Grimsby operations manager has a team of manufacturing managers looking after various aspects of the operation, who are assisted by manufacturing assistant managers (MAMs). These MAM's (formerly supervisors) look after operating teams which comprise process line technicians, process technicians and process operatives.

4.4.1 Workforce

There are approximately 1500 people employed at the Grimsby site, of which a large percentage are women working as process operatives on four and five hour part-time shifts. A variable number of employees on temporary contracts are used to cope with peaks in demand. There are few workers from ethnic minorities employed in the factory, but this reflects the general situation around Humberside.

The workforce is relatively stable with a number of workers having been with the company for 20 or 30 years.
During the last three years there has been low staff turnover.

4.4.2 Shift patterns

Part-time workers follow a four hour shift pattern of 6 x 4 hour shifts per day;

06.00 – 10.00; 10.00 – 14.00; 14.00 – 18.00; 18.00 – 22.00; 22.00 – 02.00; 02.00 – 06.00

Many women workers work 20 hours in 5 x 4hr shifts, as this is the minimum number of hours to work per week to be eligible for state benefits and redundancy payments. A number of women work the twilight or night shifts.

Full-time workers follow an eight hour shift pattern of 3 x 8 hour shifts per day.

06.00 – 14.00; 14.00 – 22.00; 22.00 – 06.00

Craft engineers and process line technicians follow a different pattern:

08.00 – 16.00; 16.00 – 00.00; 00.00 – 08.00

The shift system has evolved within the food industry in the locality that is common to many companies. In a few cases, employees will work one shift at Birds Eye Wall's and go straight to the next shift at another employer.

4.4.3 Wages policy

Pay at the Humberside factories is high both in relation to the food industry in the area and for the locality when compared to other companies. Wages are negotiated through the three unions represented on the site: GMB which represents the majority of workers, electricians union (AEAW) and the supervisory union MSF.

Acquisition of additional skills is sometimes linked to pay. Successful completion of the multi-skilling programme by craft engineers resulted in their upgrading, which in turn was linked to higher pay. Similarly, the new process line technicians will also be upgraded on the successful completion of their training and will receive a concomitant rise in pay.

4.5 Training

4.5.1 Policy

4.5.1.1 Training policy of Unilever

Unilever does not set a central training policy for its various operations. However they do have centralized training policy and programme for the higher management grades, such as fast-track programmes for those destined for the very highest level of management.

4.5.1.2 Unilever UK National Management (UKNM)

The UKNM have a policy to encourage companies to invest in training, to help spread best practice from one company to another and facilitate training in areas of common interest, e.g. training of industrial tribunals, graduate training. They also run a graduate training programme for all the UK Unilever companies.

As the UKNM have no direct financial control or responsibility, they can only advise and encourage the UK companies to follow their policies. In particular they try to influence a company's attitude and culture. For instance, the UKNM were particularly influential in stimulating the drive to gain accreditation with the Investor in People award. The UKNM provides a forum for discussion of common issues between the subsidiary companies' directors.

The Unilever food companies have recently established a UK foods training committee, which is looking at areas where they can cooperate. Appraisal training for managers is now done as a group as a result of this association, and other initiatives are under discussion.

4.5.1.3 Birds Eye Wall's training policy

The Birds Eye Wall's personnel director, based at the head office at Walton on Thames is the custodian of the total company training effort. He is responsible for establishing priorities, ensuring that best practice is transferred from one site to another, that budgets are controlled and company initiatives are followed through.

The principal objective of the training policy is to support the business objectives of Birds Eye Wall's by ensuring that each employee can carry out their role to the highest standard and to facilitate the development of each individual to their full potential. Central to this is the need to compete with the best in Europe in terms of productivity, product quality, bacteriological and environmental standards.

Much of the current training policy is directed towards implementing changes in working practices. Competitive pressures during the 1980s led to a new initiative in 1987 called "Workstyle – A catalyst for change". This required a change of attitude amongst the workforce. The old autocratic management style was abolished and new work patterns and style introduced. Process personnel were organized in semi-autonomous work groups having "line-assigned" skills. Such groups then took on responsibility for product quality, organizations of tasks, skills training and achievement of production targets. An additional programme was also set up to multi-skill engineering craftsman to increase their flexibility, i.e. equip electrical engineers with mechanical engineering skills and vice versa.

In the most recent training initiative during 1992/1993, craft engineers are being trained in production skills, and will be designated as craft line technicians. Similarly, process operators are being equipped with basic engineering skills and designated as process line technicians.

The training costs for Birds Eye Wall's is in Table 4.4, the various elements of the training cost are shown in Table 4.5

Table 4.4 – Training costs for Birds Eye Wall's in 1992 (£000)

Course costs	1417
Trainees salaries	625
Training staff/materials	252
Total	2294

Table 4.5 – Major components of course costs for Birds Eye Wall's in 1992 (£000)

Management	380	26.8
Assistant management	220	15.5
Head office/sales	160	11.3
Multi-skilling	45	3.2
Line technicians [1]		
Other craft	140	9.9
Process other	472	33.3
Total	1417	100.0

[1] Process and craft line technicians – a major item for 1993

A company wide consultative procedure was also introduced to improve communications between management and employees at department, factory and company levels, and to encourage the feeling of ownership of their work. It also gives the employees and unions the opportunity to raise issues, such as training, with the management. This consultation and communication system consists of:

1. Work group meetings for all employees, meeting fortnightly;
2. Departmental Consultative Committee, consisting of elected representatives and meeting every 2 months;
3. Factory Consultative Committee, elected representatives, meeting quarterly;
4. Company Consultative Council, elected representatives, 6 per site per year;
5. Chairman's visit to all sites meeting with all employees.

Elected committees are composed of one third management, one third union representatives and one third elected employees.

Many of the training activities are the result of this cultural change.

National Vocational Qualifications
Birds Eye Wall's has been actively involved in the development of National Vocational Qualifications for the food industry. During 1993 a pilot study involving 30 process operators/site will evaluate training and competence assessment for NVQs at Levels 1 and 2.

4.5.1.4 Birds Eye Wall's Humberside

In addition to implementing centrally derived policy (e.g. multi-skilling programme of craft engineers and the line technician initiative), the Humberside sites have used the central training framework to establish a policy for training operators in basic skills and for meeting legal requirements for training associated with hygiene and health and safety at work. Training of personnel at all levels was also given extra impetus at the Grimsby site by the need to derive maximum benefit from the major capital investment in plant and equipment.

Birds Eye Wall's was the first company on Humberside to gain the Investors in People Award as well as the first of the three Birds Eye Wall's sites to become accredited at the time of the last visit.

4.5.2 Training programmes

The personnel manager together with the general manager are responsible for developing the Humberside training policy. The training programme is implemented by the training officer and his staff.

The training programmes can be grouped into the following categories; assistant management, craft engineers, operative, clerical, trainees, company – education scheme. The training department is also responsible for an industry-education links scheme. The training costs, not including training department costs and opportunity costs are shown in Table 4.6.

Table 4.6 – Training budget for Birds Eye Wall's Humberside

	Grimsby	Hull	Humberside
Assistant managers	£ 58,950	£ 51,560	110,510
Engineering	42,250	25,100	67,350
Operative	62,000	52,010	114,010
Clerical	775	400	1,175
Total for 1992	£ 163,975	£ 129,070	293,045

A significant proportion of the training is given by external training providers, who in some cases also undertake aptitude testing as part of the selection process.

4.5.2.1 Assistant management training

The major elements of the training for this group are shown in Table 4.7 together with the direct costs. The majority of the assistant managers (AMs) and manufacturing assistant managers (MAMs) are completing the Henley Career Manager open learning package.
This leads to a nationally recognized management certificate which will eventually be linked to the Management Charter Initiative. There is also a significant programme to develop engineering skills of the MAMs.

Table 4.7 – Major training elements for assistant managers in 1992

Topic	Cost (£)	Comments
Management courses	10,000	Will involve up to 60% of MAM's, validated by MCI.
Engineering skills	43,000	Will involve up to 40% of MAM's
Pre-retirement preparation	350	AM over 55 years
Electricity at work regulations	1000	4 MAM/AM's
Information technology	1000	All AM's
Languages	300	Self learning software
Individual training needs	2000	As agreed in annual review
Engineering principles	1300	External course for 2 engineers

4.5.2.2 Engineering craftsman

The training for this group can be divided into four sections, multi-skilling, line technician training, skills training and apprenticeships. The major elements for this group are shown in Table 4.8.

Multi-skilling
This is not such a major item in the present training as many of the current craft engineers will have now been through this programme.

The training officer initially interviewed craft engineers to assess their current level of knowledge and discuss the new skills which would be required. About 70 craftsmen registered for the training which lasted 12 weeks at a training centre followed by work experience in the factory. Typically crafts-

Table 4.8 - Major training elements for engineering craftsmen in 1992

Topic	Cost (£)	Comments
Multi-skills	5000	6 craftsmen, EnTra validated
Various plant operations		A variety of courses
Line technician	9000	6 Craft engineers
Plant operation	12000	GCTA programme, City and Guilds validated
Apprenticeships		Continuation of existing training for 9 apprentices and 1 recruit

men took 9-12 months to reach the required standards. This multi-skilling programme won Birds Eye Wall's a National Training Award in 1989.

Apprenticeship
This is 4 year training programme during which considerable time and effort is devoted to developing craft engineering skills in a group of able young people. At present Humberside has 10 engineering apprentices.

4.5.2.3 Process operatives

This is numerically the largest group of employees. The major programme in terms of the budget for this group is training for process line technicians. Although hygiene training will be given to all production employees this group were targeted during 1992. The various elements of the 1992 training activities are shown in Table 4.9.

Process line technicians - 1992/1993 initiative
This programme will allow process operatives to acquire engineering skills and so take on some first line maintenance and repair work to give the work teams more flexibility. Process operatives who wish to join this programme must first take a trainability test aimed at assessing their manual dexterity and ability to follow instructions.

The training consists of four full-time one week programmes given by an external training provider workshop. These are linked to periods in the factory. The assessment of the training takes place in the factory.

Hygiene training
In 1990 Birds Eye Wall's won another National Training Award for its design and implementation of a plan for hygiene training throughout the whole company. Initially training was carried out by trainers from Grimsby College. More recently a highly motivated process operative, with previous experience in catering, has at her suggestion become qualified as a hygiene trainer.

Table 4.9 - Major training elements for process operatives in 1992 and course costs (£)

Topic	Cost (£)	Comment
Food hygiene	3000	500 process operators, internal course, RIPHH validated
Line technician	51000	17 operatives, 4 week course on-site validation
Internal transport	1500	80 operatives, external and internal trainers, externally validated
Cost/quality awareness		75 operatives half-day internal course
Various process operations		7 internal courses for between 12-100 operatives
Pre-retirement	3500	180 operatives, 2 day on site
Process NVQs assessors	1000	6 skills trainers
First aid	2000	4 day course, St Johns certificate

The aim of this programme is to meet the requirements of the Food Safety Act 1990, and that all food-handlers in the company should study for and achieve the appropriate certificate from either the Royal Institute of Public Health and Hygiene (RIPHH) or the Institute of Environmental Health Officers.

By running two hygiene training courses per week, each with about 12 employees, almost all staff on Humberside are now trained. The use of an internal trainer saved the company money, and the trainer was more readily accepted by her colleagues than an outside training provider.

Skills trainers
Each working group has a skills trainer. Usually this is a process operative who has been specially trained to train and advise on the operation skills needed for a production line. Most operators are familiar with one line. If flexibility demands that they work for a period on another line, then the skills trainer would be on hand to answer any questions they may have about the new task.

4.5.2.4 Clerical staff training

The 1992 training programme for this group is shown in Table 4.10.

Table 4.10 – Training costs for clerical staff

Training area	Costs(£)	Comments
Spreadsheets	175	ITEC evening course
Shorthand	100	College evening course
Graphics software	500	External course
Information technology		Self-learning packages

4.5.2.5 Company education scheme

The company makes sure that all its employees understand the benefits of training and the support the company will give them should they wish to undertake further training which will help them in their job. Posters are displayed around the factory to help promulgate the company's commitment to training and the help they are prepared to give.

4.5.2.6 Appraisal system

The company has an appraisal scheme in which *every employee is appraised*. The aim of appraisal is to identify strengths and weaknesses and find out how training can help an employee to develop his or her full potential.

4.5.3 Evaluation

The company culture has changed significantly in the last few years. Prior to 1987 the managership style was autocratic with little room for involvement of the workforce. There was a strong traditional management/union interface. The business environment was rapidly changing, with increased mechanization, need for a higher skilled workforce and ever increasing need to compete on a pan-European basis.

The strategic change in 1987 with the introduction of the Workstyle programme saw the introduction of group working, group responsibility, and a philosophy of continuing change. The formula used to introduce this transition was based on three important tenets: the need to consult and communicate; the need to involve the workforce; the need to train and develop employees.

4.5.3.1 Company evaluation

Evaluating the effectiveness of the new approach, including training, is very important to the company. This evaluation should be quantitative where possible. An independent survey of the employees has shown an overwhelming acceptance for the programme. The company feels it now has excellent employee relations and a stable work force. Its business results have improved and it is now competitive within Europe. The adoption of the Workstyle practices has achieved:

- reduction in plant downtime and a quicker response to technical problems and has helped to increase line efficiency by 13%;
- greater skill base, flexibility, team working and employee involvement from an average of 5.6 training days per employee per annum;
- absenteeism reduced from 8.4 to 4.9%;
- 32% of employees joining Sharesave – saving towards share ownership;
- an annual saving from the introduction of line technicians;
- obtaining the meat product export licence;
- no product has been declared unfit for sale due to poor microbiological quality;
- customer complaints down 11%;
- 3 National Training Awards over the last four years.

Their major strength is in technical training and perhaps their weakness is in training for head office and sales personnel.

4.5.3.2 Union evaluation

The major union on the site generally is very positive towards the company. It is on one hand concerned that the new practices are resulting in a decrease in the workforce, on the other hand it sees the training its members are receiving as a way to secure job stability and job satisfaction. When legislation abolished the closed shop, union membership on the site changed very little, the company has been happy to encourage newly recruited employees to join an appropriate union. Craft engineers were initially cautious in their attitude to the line technician scheme, they felt it could threaten their jobs and result in maintenance work being contracted outside the factory.

4.5.3.3 Evaluation by the workforce

Members of the workforce all expressed considerable satisfaction with the training offered by the company, particularly the hygiene training and the system of skills trainers for each work group. Operatives were trained on all parts of the line allowing them to move around and reducing the boredom of an otherwise repetitive task. The process technician said he preferred the current attitude in the factory. He felt more involved with his work now that he was able to take action himself on a breakdown instead of waiting for an engineer to come and do the job. The manufacturing manager, who had been with the company for 40 years felt that attitudes had certainly changed, and that employees were now more flexible and more keen to be involved with the organization of their group.

4.5.3.4 Evaluation by national reporter

The Unilever central management do not appear to significantly influence the training policy of Birds Eye Wall's except that they essentially set the business targets for the company. Training is seen as fundamental in implementing their business plans. They have adopted a Total Quality Management type approach for their management system so the train-

ing policy is to improve business performance through both a highly skilled and an appropriately skilled workforce. Business plans, objectives and performance are promulgated to the employees through the consultative procedures. This also gives the social partners a forum for discussion. The unions are very positive towards the company, there was little evidence of local interest in national issues such as NVQs. It is also interesting to note that although the majority of the workforce are women, 11 of the 14 union shop stewards are men.

The quality of their training programme has been recognized by their achievement in gaining National Training Awards in 1988, 1989, and 1991. They have also been accredited as an Investor in People and won the John Sainsbury Award for training.

Training schemes at all Birds Eye Wall's factories are focused on priorities agreed by head office and the introduction of new initiatives are phased in across the various sites with a site sometimes taking a particular lead in one area. Grimsby for instance, led with the "Workstyle Programme" and development of semi-autonomous working groups for which it won a National Training Award in 1988.

The company is careful to use the most cost and time effective methods of delivering training. This has led to a mixture of internal and external training provision in which external predominates. The size of their training programme enables them to buy a product carefully tailored to their requirements.

Nevertheless, it is interesting to note that in at least two cases employees have pointed out that internal training provision would be more cost effective and that company has agreed to support these employees in training to train.

As the company follows a Total Quality approach most of its policy and strategy are transferable to other companies, although perhaps their approach to the implementation of these policies is more suited to large production units.

Reference

Economist Intelligence Unit (1991) Retail Business No 398

APPENDIX

2.

People interviewed

Ken Butt, Personnel Director, Birds Eye Wall's Head Office, Walton on Thames
Mark Fitzpatrick, Factory General Manager, Humberside
Peter Smith, Personnel Manager, Humberside
Neil Toyne, Training Manager, Grimsby
Joy Hollingsworth, Hygiene Trainer, Humberside.
Eddie Elliott, GMB Senior Steward, Humberside.
Eric Wilson, Process Line Technician, Grimsby
George Maidens, Manufacturing Manager, Fish Fingers, Grimsby
Process Operatives on fish finger line at Grimsby.
Laundry Reception Staff, Europe Factory, Grimsby.

Company overview

Staff Structure as at December 1992 and 1988

	Male	Female
Managers	13	
Assistant managers	48	
Engineering	60	
Process operatives full-time	321	68
part-time	31	966
Clerical full-time	9	28
part-time		13

Training costs

Training costs for Birds Eye Wall's in 1992 (£000)

Course costs	1417
Trainees salaries	625
Training staff/materials	252
Total	2294

Unilever Food Companies in Europe

(Equity capital held by NV or PLC is indicated where this is less than 100%)

• Unilever NV	
Netherlands:	Van den Bergh en Jurgens BV: Iglo-Ola BV: Loders Croklaan BV: Uni Mills BV.
Portugal:	Iglo Industrias de Gelados Lda (74%).
Spain:	Agra SA: Frigo SA (99%): Industrias Revilla SA (90%).
Belgium:	Unilever Belgium NV.
Denmark:	Unilever Danmark A/s.
France:	Astra - Calve SA (99%): Boursin SA (99%): Cogesal SA (99%): Francais dAlimentation et de Boissons SA (99%): Frigedoc SA (99%).
Germany:	Fritz Homann Lebensmittelwerke GmbH & Co KG: Langnese - Iglo GmbH: Meistermarken - Werke GmbH: Nordsee Deutsche Hochseefischerei GmbH: Union Deutsche Lebensmittelwerke GmbH
Greece:	Efais Oleaginous Products A.E. (51%): Lever Hellas A.E.B.E..
Italy:	Unil-It S.p.A..
• Unilever PLC	
UK:	Birds Eye Wall's Ltd: Brook Bond Foods Ltd: Lipton Ltd: Lipton Tea Company Ltd: Loders Croklaan Ltd: Mattessons Walls Ltd: Van den Berghs and Jurgens Ltd: John West Foods Ltd
Ireland:	H.B. Ice Cream Ltd: W&C McDonnell Ltd

Source: Unilever Annual Report 1991

5. CLIFFORD FOODS PLC

2.

5.1 Company overview

The structure of the UK's milk and milk products industry consists of a central core of large organizations and public companies, such as Dairy Crest, Northern Foods, Unigate and MD Foods, plus the Retail Cooperatives, along with a number of medium and small firms. Clifford Foods plc has been the largest of the medium-sized companies in this competitive fringe, but in February 1993 the company received a take-over bid from Unigate. This bid was accepted by the directors and family shareholders who control over 50% of the company's ordinary share capital. As this report was written on the basis of information supplied before the take-over, it will describe the situation in Clifford Foods as in its previous independent form.

The whole Clifford group had over 1500 employees in 1991 and a turnover exceeding £140m in that year. Turnover was running at about the same level in the first half of 1992 at £70.1m, but with a reduced profit of only just over £1m. As well as its main activity in milk and dairy products Clifford's had interests in fruit juices, food coatings, meat products and ready meals.

5.1.1 History

The company began in 1874 as William Clifford's one-man dairy business with two cows, two pails and a yoke, delivering milk on foot to a small area of rural Middlesex. As economic growth and urbanization transformed the community and developed consumer demand, so by the early years of the 20th century the company acquired more cows and used horse-drawn carts to make doorstep deliveries over an increasing area. The milk processing and retailing divisions expanded, and after the Second World War the company established a bottling plant in the new town of Bracknell in Berkshire.

Over the next twenty years, Clifford's business took over 30 dairies, and by 1960 became a public company, albeit with a substantial family holding, which remains the case today. In the 1960s and 1970s the company expanded both in its geographical area of operations and product range. Dairies were acquired in Bristol in the late 1960s (later, in 1987, to be sold to Express Dairies) along with a 50% holding in Cotteswold Dairy Ltd of Gloucestershire. In 1974 Middlesex Dairies were sold, but four years later the County Dairies group in Oxfordshire joined Cliffords resulting in a major expansion of the milk business. In addition the company had begun to manufacture cream and yogurt in the 1960s, milk shake base in 1974, and moved into fruit juices by way of County Dairies in 1978. Further enlargement of the product range came in the 1980s with the acquisition of Morton Foods, Roy's Quality Foods, Danby's Foods and Moruzzi Foods Ltd (the latter sold in 1990).

5.1.2 Structure

In 1992 the structure of *Cliffords Foods plc* comprised three main divisions: Cliffords Foods, Cliffords Dairies and County Dairies.

Cliffords Foods Division was made up of three wholly owned subsidiaries: Roys Quality Foods in South Wales (chilled convenience foods), Danby Foods in Yorkshire (frozen ready meals) and Mortons in Oxfordshire (food coatings). In addition the company had 50% holdings in the Cotteswold Dairy at Tewkesbury and Wye Valley Fruit Juices at Ross on Wye.

Clifford's Dairies Division (based in Bracknell) was the retail arm of the company responsible for doorstep deliveries of bottled milk. These have largely been franchised to 250 small independent franchisees. The division also ran a van sales operation called Elm Farm Foods.

County Dairies Division – subject of study

County Dairies Division originally had two quite separate operations in Bracknell and Kidlington, but rationalization has been proceeding for the last two years.

- *Bracknell site*

There were about 209 people employed on this site in 1992 which handles milk destined almost entirely for doorstep delivery by franchisees of Cliffords Dairies. Raw milk is received from tankers, processed into various types, including standard, skimmed and UHT, and bottled in glass returnable bottles. The site also produces value added products such as milk shake base, cream, pot shake, cottage cheese and chocolate and custard sauces. Many of these are own-label products for the major supermarket chains or fast food operators.

- *Kidlington site*

The Kidlington site employed 468 people in 1992. It too receives raw milk which is processed, but here bottled into non-returnable containers (carton and plastic) for retail customers, primarily the major multiples. In partnership with Bowater, the company is establishing the largest on-site dairy plastic bottle blow-moulding operation in Europe at Kidlington. The main non-milk processing and packaging activity involves a very modern fruit juice plant producing largely for major retailers. The head office of County Dairies was also based in Kidlington.

Cliffords also had a sales and marketing operation for the "Cool Country" brand of long-life dairy products including a new range of yogurt imported from Germany.

5.2 Markets and marketing strategy

5.2.1 The milk market in the UK

The UK dairy industry has experienced significant change in recent years and more is expected in the future. Developments relate to both the supply of milk from farms and to the retailing of milk to consumers. On the supply side, by mid-1994 the milk marketing scheme will have moved from the current statutory monopoly organization (Milk Marketing Boards) acting as first handlers of milk, to a system of voluntary cooperatives. The MMB in England and Wales intends to form a cooperative called the "Milk Marque". This organization will not be permitted to process liquid milk into products, and the MMB has to "float off" its processing arm Dairy Crest, the largest milk processor in the UK, as a private company.

In the future, processors may also make individual contracts with farmers to supply milk or enter into cooperative schemes with groups of dairy farmers.

Unlike in many other members of the EC, the majority of milk is consumed in liquid form in the UK. Ten years or so ago in England and Wales 90% was delivered in one-pint glass bottles to customers' doorsteps. Since then there has been a marked switch from doorstep delivery to retail shop sales, which by 1992 accounted for at least 40% of the total. Retailers frequently sell milk in larger pack sizes, for example two pint cartons, or four, five or six pint plastic containers. Multiples dominate the shop sales, where low prices, as much as 30% below doorstep delivered and small retail prices per unit, and long use-by dates have encouraged consumers to switch from, or supplement, the traditional delivered supplies. In addition doorstep deliveries of milk are now in the process of transfer to small independent franchisees rather than as previously through retail divisions of dairy companies.

Milk consumption has continued to decrease over the decade, with a significant movement from full-fat pasteurised to skimmed and semi-skilled milk which in 1992 accounted for almost half of the total liquid consumption. The overall decline reflects the lower consumption of milk-using beverages such as coffee and tea, and an increasing consumer preference for taking them with little or no milk. Other drinks, particularly soft carbonates and fruit juices, tend to be preferred, especially by younger consumers. The increased consumption of breakfast cereals requiring milk has partly offset the fall in beverages.

Milk products, such as cream, cheese, skimmed milk powder and butter, are allocated milk once the requirements of the liquid market have been fulfilled. Butter is the "sink" product, and tends to receive supplies last of all. Hence the effect of seasonal fluctuations in milk supplies from farms and the impact of political restrictions on farm output through the operation of dairy quotas under the CAP are particularly keenly felt in the manufacture of this residual product. In the face of falling milk supplies, many processing companies have had to close their creameries and several of the remaining plants are running far below capacity. Changes in the organizational structure of milk processing mentioned above are likely to bring about further rationalization within the dairy products industry.

5.2.2 Company policies

At Cliffords Dairies, the policy of retailing milk for door-step delivery through franchisees has been generally successful, but it has meant that the company itself retains responsibility for some of the less profitable milk rounds which could not be franchised. Cost savings and a reduction in week-end working for office staff have been achieved through computerization of retail and distribution activities. This area of milk retailing has continued to be profitable.

County Dairies produces own-label milk for the major retail chains such as Sainsbury's, Tesco, Waitrose and Marks and Spencer, and in general relies heavily on the business of the retail multiplies. These companies have a growing share of the liquid milk market as doorstep delivery declines. The considerable bargaining power of major customers results in low retail margins, and further pressure arises from the current tendency of supermarket multiplies to price liquid milk very aggressively. The competitive weakness of processors is exacerbated by the decline in liquid milk consumption which has resulted in some areas of over-capacity. In these tight conditions there is very little scope for expansion in the dairy industry and County Dairies pursues a policy which involves keeping very close to its existing key customers, growing organically with them and developing new products only in areas which are likely to be profitable.

County Dairies at Kidlington not only processes milk but is responsible through the sales team for liaising with the retail customers for the sales of milk in non-returnable cartons. Production planners coordinate supplies of milk with processing and market requirements. This is a complex task as County Dairies' supplier and customer base remains very large and diverse ranging from unsophisticated small farmers to the fast food and supermarket chains. Major retailers also tend to leave their orders to the last minute to minimize their delivery and storage requirements. Dairy products from Bracknell such as fresh milkshakes in pots and sweet sauces also are targeted at large retail customers, but competitive conditions remain keen and profits low. Much of this production takes place under retailers' own-label brands.

Although primarily a dairy company, in order to maintain profitability in the face of falling sales of liquid milk over the past decade Cliffords has diversified into other food areas through buying several small specialist companies and through investment in the fruit juice operations at County Dairies. Morton Foods makes coatings for fish, chicken and other prepared foods, primarily for own-label customers.

Roys Quality Foods markets a range of prepared convenience products including pies, sausages, pasties, quiches, ready meals, cooked meats and an increasing range of vegetable-based items. Its traditional van sales have declined while improving relations with retail multiples have been developed.

Danby's Foods make ready-prepared frozen meals sold to major retailers and caterers. All three companies have had recent substantial investments in plant and management and aim to meet latest EC legislation standards. The marketing policy at the fruit juice side of the Kidlington factory involves the development of new quality juices and drinks, and lately freshly squeezed products and carbonated chilled juices. Again own-label production and product development for retailers is very significant.

By contrast the long life Cool Country products are marketed through cash and carry wholesalers to independent small retailers and to the catering trade such as the cross-channel ferries' catering operations. These products are not typically sold through multiple retailers.

5.3 Factory organization – Kidlington

The factory receives milk from bulk tankers which unload into temperature controlled storage holding tanks. The milk is transferred to pasteurisation or UHT processing and thence to the packaging plant. These stages of the operation are computerized and highly automated. Because of the variety of container sizes and forms in which retailers require delivery, the next stage of loading cartons or plastic bottles onto pallets or into cages is at present very labour intensive. This stage is due for modernization when a particular delivery system has been agreed.

5.4 Workforce

5.4.1 Structure

The workforce comprises unskilled and semi-skilled operators, charge hands and supervisors in production, distribution, skilled maintenance together with laboratory, clerical, secretarial and managerial staff and directors. Generally production and operational staff are hourly paid using a clocking system, while some managerial and supervisory staff are monthly paid.

A number of workers have been with the company for many years and staff turnover is generally low. Because the dairy industry does not pay particularly high wages a few experienced operatives do leave to go to more remunerative jobs. The effect of the recent recession has meant that the company has taken effective measures to improve efficiencies and lower labour costs by reducing temporary employees and cutting down numbers of staff employed by natural wastage and minimal redundancies.

Fewer women than men are employed although there is a high proportion of women in senior positions. This includes the divisional personnel manager, all laboratory managers and most senior laboratory staff, senior accounts staff and the sales and marketing team. There are about 30 staff representing ethnic minorities between the two sites (5% Kidlington, 2.5% Bracknell). These are mostly from the Indian/ Pakistani group. This is not due to any prejudice but rather reflects the low level of ethnic minorities in the communities from which the workforce is drawn.

County Dairies does not generally employ 16-year old school leavers as past experience has found them to be poor timekeepers because of the nature of the working arrangements and the need for close supervision. There are relatively few 18-year old employees.

Bracknell site Workforce is made up as follows:

Male: Total 162 (76%)				Female: Total 47 (24%)		
Age	16-25	26-55	>55	16-25	26-55	>55
Numbers	22	119	21	10	28	9

Kidlington site Workforce is made up as follows:

Male: Total 392 (84%)				Female: Total 76 (16%)		
Age	16-25	26-55	>55	16-25	26-55	>55
Numbers	27	324	41	15	57	4

Breakdown of activities at Kidlington

Of the 468 employees at Kidlington, 200 are in dairy production and distribution, 200 in fruit juice production and distribution, and 60 in administration. Of the latter, there are 14 in sales which includes telephonists/ receptionists, 30 in finance, 5 on projects, 3 personnel and training, 2 on business systems. The dairy operation includes a maintenance team of 17 engineers and a laboratory team of 14. Similarly, the juice operation includes a maintenance team of 16 and a laboratory team of 20.

Shift patterns

Fruit juice production operates a 3-shift system and some 2-shift working. Distribution generally works a 2-shift pattern. Dairy operations work a 2-shift system on processing, with main production areas working early start to finish. All operational staff are required to "work to finish" which may involve long hours if there are production difficulties or delays. Many managers also work lengthy hours although not formally required to do so by their contracts.

5.4.2 Educational levels of staff

Qualifications of unskilled operatives range from none to GCSE standard (grades A – E). Supervisors generally have GCSE or equivalent and will have acquired or be working towards NEBSM qualifications. Some Supervisors may also have City and Guilds Certificates. Laboratory technicians have a range of qualifications which may include City and Guilds Certificates, BTEC first, national or higher certificates, or degrees. Managers generally have degrees, although those who have been promoted from within the company may not. An example is the dairy operations director who joined the company as an unskilled process operative and worked his way up to a senior management position.

5.4.3 Wages policy

Wage negotiations are carried out for the whole industry through the National Joint Council of the TGWU, USDAW, GMBATU and the Dairy Trade Federation. Dairy industry wages are generally low because milk production tends to be associated with poorly paid agricultural labour. The latest agreement on wages and conditions of employment for employees in the dairy industry in England and Wales was made in July 1992.

In the case of the Bracknell site, wages might be regarded as low for the locality which is part of "silicon valley" and includes highly paid workers in computer industries. The company considers that wage rates at Kidlington compare roughly with those in the locality for similar types of employment. Similarly wages are thought to be about average in relation to other parts of the dairy industry.

Cliffords would like to move towards all staff being

paid salaries, but this is not popular because of loss of overtime pay. If overtime pay was added to salaries, operatives would earn more than supervisory and managerial staff.

5.5 Continuing vocational training practices

5.5.1 Clifford Foods plc – training policy

The company's first statement on training policy was issued in 1969, and in 1973 this was updated by a board of directors notice which embodied the following sentiments.

The company recognizes that training of staff is fundamental to its efficient and profitable operation, and that this will be carried out in a systematic way. Managers are accountable for the selection, training and development of all those reporting to him, and for the delegation of these responsibilities to managers and supervisors at a lower level.

The specific aims of the training policy for all levels of staff are:

a. To provide induction training for all new entrants or those transferred to a new department;
b. to ensure that training and further education is available to enable all individuals to reach an effective performance in their jobs;
c. to develop promotion potential;
d. to promote a sense of responsibility and good working relationships; and
e. to assist individuals to identify with the interests and operations of their working group and of the company.

To achieve these aims, each year a training assessment and training plan will be prepared.

5.5.2 County Dairies division – training policy

In line with the Cliffords Foods policy statement above, County Dairies pursue an active programme of continuing vocational training amongst the workforce aimed at improving skills levels and encouraging personal development. The Company's Training Review for 1992/3 argues that the workforce is its most important resource, since while technology is available worldwide, it is the ability to use it that counts. This in turn depends on the quality of the workforce, not simply their individual skills but also their effectiveness as a team. A stable and effectively trained workforce requires investment in training and rewards to those who develop skills, and should lead both to higher product quality, and through more efficient working, reduced labour costs.

Recent difficult trading conditions in the dairy industry mean that company policy is to offer exceptional service and customer care to key customers. This can only be achieved by having a well trained and motivated workforce which extends from the first line of contact at switchboard level to production staff and senior management. Legal requirements under the Health and Safety at Work Act and the Food Safety Act 1990 are also driving a considerable training effort. Regular visits from factory inspectors and pressure from major retailers also ensure that management maintain their commitment to achieving a well-trained workforce.

In the Dairy Division of the company, the decision was taken in 1991 to combat fierce price competition in the market by transforming County Dairies into a low-cost producer. This required: the rationalization of production into bottled milk at Bracknell and non-returnable cartons at Kidlington; the introduction of plastic bottle production at Kidlington; further investments in production machinery to gain economies of scale. While these technical changes have largely been achieved, a complementary condition for increased competitiveness necessitates the development of a smaller, more highly and flexibly skilled workforce, which is only produced through an on-going programme of training. Other specific requirements to be tackled through training are: to increase efficiency and economies through reduced downtime and planned maintenance; the further development of professional competence and manufacturing skills; enhancement of ownership and accountability through performance standards and appraisal. It was thought that such a change in culture within the dairy would require a major initiative concentrating on the common and specific training needs of all the main operational categories: management; supervision; operatives; laboratory; engineering and distribution.

The dairy production process was identified as the core area of the business, and a common needs plan which covers all the functional roles has been developed to strengthen the understanding of theoretical and practical applications. This plan has three main phases and requires that all those involved in the dairy operation have an appreciation of:

1. basic issues: product; pasteurisation; microbiology; hygiene (training undertaken at Reaseheath College of Agriculture);
2. further developments: CIP systems; basic food hygiene certificate; carton testing and quality;
3. certain key individuals would undertake training in the following areas: advanced food hygiene certificate; production and process management; manufacturing resource planning; supply chain management.

The rationale behind the basic issues training is to develop understanding and hence a sense of involvement and responsibility. It is intended that process instructions are carried out because the operative knows the consequences of failure to run equipment or plant correctly. The further training in CIP extends basic understanding to the maintenance of quality and hygiene in plant facilities, while food hygiene training for process operatives and packers gives the knowledge to spot machine, packaging and process errors. Carton testing and quality provides essential insight for diagnosing problems in carton quality, machine processing and packaging.

Key operation staff would be trained by means of

the Advanced Food Hygiene Certificate in the technical expertise to meet the "due diligence" and "competent person" aspects of defence under the Food Safety Act, 1990.
Again practical knowledge acquired should be transferable into awareness and anticipation of problems in the production processes. Management skills would be developed in two ways: manufacturing resource planning, which enhances the management role through knowledge and delivery of industrial techniques; and supply chain management, which covers interaction both internal and external to the firm. Supply chain management focuses on understanding how decisions made in one area impact elsewhere in the chain; how mis-management of the chain adversely effects customer service; and on the agreement of performance standards with suppliers.

5.6 Training programmes

5.6.1 Formal performance appraisal system

County Dairies have a well documented and organized appraisal system which aims to: evaluate the effectiveness of managers and staff; help ensure that people and jobs are correctly matched; agree and update job responsibilities including standards and levels of authority; agree and obtain commitments to measurable performance objectives that stretch the individual and ensure achievement of company and departmental objectives; systematic review of individual's strengths, weaknesses and potential development; identify training needs to improve performance; provide feedback; oblige managers to talk things through with each of their immediate subordinates individually, that is, be "in touch".

Appraisals are carried out annually. Appraisees are given a preparation form by their managers to complete and return at least a week before the appraisal. Following appraisal targets and objectives are set for the next 6-12 months and the training officer is advised of any training requirements.

5.6.2 Management training programme

Following appraisal, the training officer will draw up a training plan in conjunction with the personnel managers and senior management.

Training courses are run internally if resources are available and cover the following topics: employment law; group behaviour, team working , people skills, etc.; health and safety training; industrial relations. External courses are used for specific technical training, for example UHT processing, and individuals will be sent on these as production needs require.

All employees are encouraged to obtain further technical qualifications and the company will pay for day release or evening classes provided they are job related. The use of open and distance learning methods is also supported and two managers have successfully completed open learning packages in management skills.

5.6.3 Graduate training programme

In the last two years, County Dairies have not recruited any graduates but in better economic times the following programme for graduates was used:

Year 1: substantial multidisciplinary projects given to new graduates which will help them understand all aspects of the business; Monthly Review and Evaluation (MORE) carried out as part of a constant appraisal system; log book kept and signed off as graduate completes assignments;

Year 2: given production supervision post; MORE continues; further education encouraged.

5.6.4 Supervisor training

County Dairies has 69 supervisors split between the two sites. While supervisors have a range of qualifications from none to graduate they all follow a 3-day NEBSM course leading to a qualification in supervisory management. They undertake project-based training within the company as well as health and safety and food hygiene training. County Dairies is seeking NEBSM accreditation for its supervisory training.

5.6.5 Operator training

Over the last 18 months the company has been developing formal "Safe Operating Procedures" for all tasks carried out in the factory. These are extremely detailed and contain not only a column of instructions on how to do the job, but also on the health and safety implications and training requirements for the job. A system of training matrices is also used to identify competences and training needs amongst the workforce.

The company has a multi-disciplined approach to engineering craftsmen at Kidlington, with the acknowledged need for further development at the Bracknell site. The aim is to enable repair and maintenance of machinery to be carried out in a more flexible and cost-effective manner. Top grade operators undertake technical training at Reaseheath College in dairy technology and increased flexibility will follow as key individuals understand process operations from both operational and maintenance points of view. Others take 3 months training leading to City and Guilds Certificates. The company also has a few engineering apprentices.

5.6.6 Basic food hygiene training

The 6 hour basic IEHO course in food hygiene has been undertaken by all staff in production and maintenance, laboratories and product development. In a few cases it has highlighted literacy problems amongst employees which the company has dealt with in a sensitive manner, using oral rather than written examination, and by encouraging staff to attend Adult Learning classes.

5.6.7 Specific training programmes on customer care

5.6.7.1 Sales office

The liquid milk market of declining doorstep delivery, generally the more profitable area, and

increased importance of retail sales through multiples, has focused on the need to improve customer care and service. This was seen as potentially significant in slowing the decline in bottled milk sales and in maintaining good relations with major retail buyers. In addition, the drive towards making County Dairies a low cost producer required a greater exploitation of economies of scale from the rationalized processing through increased sales. The cost reductions included the combining of the Bracknell and Kidlington sales offices into one unit at Kidlington, with reduced staff and hence extra pressure on those remaining.

There had also been a number of adverse comments by customers about the competence of the company's switchboard operators and staff in the Sales Office. This amounted to a potentially serious situation because, whilst at the lower end of the status and pay scale, these staff are the first line of contact for both customers and suppliers and could damage the company image by poor performance. Most of the staff involved had not received any formal training for the job and in the vital area of communications there was no proper procedure for taking and reporting messages. Therefore a full review of the training needs of the sales and customer service areas was carried out.

Initially the company used a BBC training package on Customer Care, which was quite successful and led to a brainstorming session with the staff concerned to find out their reactions. This was particularly fruitful because staff were flattered that they had been asked for their opinions and came forward with some very useful ideas. The next stage was a tailored programme devised with a Wokingham-based consultancy, Sigma Marketing, which covered further telephone and communication skills, created a pro-active approach by the sales team and helped to develop staff personally.

The three-module programme consisted of:

1. training on customer care and business documentation during which staff visited customers and tried to understand their problems on a personal level;
2. telephone handling skills course on speech, sincerity, practical use of telephone equipment;
3. customer care and sales awareness, including sales promotion.

The programme was tailored to provide consistent language, culture and approach. Workshops, videos, critique and feedback session were used. The training involved a good deal of realistic role-playing and achieved a much greater appreciation of the external customer or internal production planner's point of view. Even hesitant, longer established members of the team were encouraged to participate by the relaxed atmosphere of the training, the drawing out of group ideas, and the commitment by senior line management to implement suggestions from the course.

During the programme, each member of the sales team produced an action plan which included, for example, reducing numbers of complaints, advising customers on new products and promotions, dealing with enquiries more quickly and effectively, improving communication with account managers. The results showed a significant improvement in self-esteem by the sales team, much better relationships between the team and customers and colleagues in the factory. Individual sales team members now deal with particular customers, with enhanced ownership and commitment, and with an incentive to develop new products and sales. In a validation exercise three months after the main training period, it was discovered that: complaints had reduced from an average of 20 per week to 2; the manager was no longer required to handle problems, whereas previously some 15-20 enquiries per week had been necessary; disputed orders and claims due to incorrect or incomplete deliveries fell by 50%; staff meetings to deal with problems were no longer required and qualitative feedback from customers showed marked improvements in telephone manner, customer care and information provided.

The programme also highlighted the need for better planning and communication within County Dairies and this ultimately led to training in supply chain management.

5.6.7.2 Supply chain management

The sales office programme led to an examination of County Dairies supply chain involving all stages of the business from raw materials through to the customer's finished product. Staff involved included sales and marketing, sales office, planning, production management, purchasing and distribution. The objective was to improve understanding and communication, making sure that those involved worked as a team and to develop an effective strategy for County Dairies.

The training course looked at case studies on Woolworth's and Tesco's and asked staff to apply some of the same principles to County Dairies supply chain in a series of workshops. These also included agreeing standards of performance with suppliers and crisis management. The programme was somewhat revolutionary since it involved junior sales and switchboard staff working alongside managers. The fear was that senior staff would shout everyone down and junior staff would be intimidated. In the event this did not happen and extremely good results were achieved which have been the source of compliments from customers and suppliers.

5.6.8 The cost of training and training records

Despite the company's commitment to training the training officer reported that the budgets had been cut in 1993 whilst the dairy production operation underwent a major technical refurbishment and development programme.

Detailed records of all courses attended by staff and the direct costs are held by the personnel department. Data for the *Bracknell site* for the period December 1991 – December 1992 is as follows:

8 first aid courses
55 basic food hygiene
21 safety for managers
6 safety for reps
2 factory inspection workshop
2 code box printer
2 UHT Seminar

The vast majority of these training days were delivered "in-house". The total direct cost of the training as measured over this period for the Division was in excess of £120,000. These figures exclude accommodation and subsistence costs. Of these costs incurred, about 20% was provided by the Dairy Trade Federation through the co-responsibility training fund.

External funding of training
The possibility of obtaining partial support from the Department of Trade and Industry (DTI) for the Customer Care Training was investigated. Costs would have been only partly met by the DTI and the company would have been expected to use a consultant selected by the DTI. This was not acceptable and it was agreed to use the services of Sigma Marketing (see Section 5.6.7.1) which proved very successful. However courses in supply chain management (see Section 5.6.7.2) have been 90% funded by the Dairy Trade Federation.

5.7 Assessment of training

5.7.1 Social partners
Discussion with management and members of the sales team showed an appreciation of the improvements in the company's training in recent years. A more comprehensive programme had been essential due to the market and legal changes in the company's environment, and the restructuring and rationalization of production and marketing. Realization of the need to maintain good customer relations and the implications for supply chain management had brought about a greater commitment and appreciation of teamwork by staff at all levels. Flexibility needed in production and engineering roles involved the breaking down of traditional skill demarcation lines, and acceptance of this was coming.

5.7.2 National reporter's view
Over the past two years the company has responded to the tighter economic environment by rationalization and cost reduction, and yet attempted to maintain or enhance its product quality and customer care. Creating a more flexible, responsible and integrated workforce has necessarily involved a major training effort using both external and internal resources. The recruitment of a new training officer in 1991 gave added impetus to the programme and provided the catalyst to further develop the company's pro-active approach to improving health and safety standards and training to more than satisfy the company's legal obligations.

The particular programmes studied in the report, sales office and supply management, showed a sensitive use of external trainers to improve interpersonal skills, develop individual's abilities and attitudes, and meet business needs.

2.

People interviewed

Terry Garratt: Personnel Manager, Bracknell Site
Paul Wharton: Divisional Training Officer, County Dairies
Sharon Newitt: Sales Office Supervisor

Comments obtained from:
Bel Appleby: Divisional Personnel Manager

Company overview

	1991	1988
Turnover (£m)	140.6	124.6
Operating profit (£m)	5.9	6.8
Average Staff Numbers	1,523	1,745

6. TUNNEL REFINERIES LTD

6.1 Description of the company

6.1.1 Company structure

Tunnel Refineries Ltd are a cereal sweeteners and starch producing company. Tate and Lyle and its subsidiaries are the major share holders in the company, with 66.7% of the shares[1]. Other cereal sweeteners and starch producing companies either wholly owned by Tate & Lyle or in which they are the majority share holder (the percentage of shares held is indicated), in EC and USA are;

Belgium	Amylum NV Cereal sweeteners and starches, (66.7%)
USA	A. E. Staley Manufacturing Company, Cereal sweeteners and starches, (90%).
Germany	Prignitz-Starke GmbH
Greece	Biamyl SA
Netherlands	Zetmeelbedrijven de Bijenkorf BV
Spain	Campo Ebro Industrial SA

The other shareholder in both Tunnel Refineries and Amylum NV is CIP. Tunnel operate as a largely autonomous business unit.

6.1.2 Products and marketing strategy

Tunnel process over 350,000 tons of French maize and British wheat annually, and they have their own flour mill in Suffolk. Their major products are glucose syrups, fructose, and starches, and the company supplies the soft drinks, confectionery, convenience food, pharmaceutical, and paper industries. By-products, or co-products, are maize germ for oil, gluten and gluten meal. Tunnel considers that they are operating in a high volume/ low margin industry. The biggest demand for sweeteners will be determined largely by the soft drink consumption which in turn can be influenced by seasonal and weather factors.

Fructose can be used as a substitute for sucrose in many products, one of its advantages is that it has 120% sweetness of sucrose. However, the EC has placed a quota on fructose production, to protect sugar beet industry. Tunnel is the only UK company with an EC quota. Fructose is also known as isoglucose, and sold under the trade name iso-sweet.

Profitability of syrup production is affected by the Common Agriculture Policy (CAP) of the EC, through the relative raw material prices in starch and sugar regimes. Tunnel's future is likely to be affected by decisions taken within the CAP. For example, a possible cereals deficit in EC because of a reduction in CAP support might well affect the company's profitability.

The main UK competitors are Cargill, ABR, and Cerestar. Tunnel have approximately 30% of the market. Their current turnover is about £100m, profits were in the region of £2-3m in the 80s, and in 1992 in the region of £5m.

6.2 Training policy

6.2.1 Background

To a large extent the unit operations used in the production operations at Tunnel are closer to a chemical plant than to a food factory. It is a capital intensive operation, replacing equipment has been the main area of capital expenditure.

During the early 1980s the plant was overmanned, so a programme of labour reduction was undertaken. By the mid-1980s the company had focused on its core business operations, contracting-out ancillary operations such as catering, transport, and the construction and operation of a combined heat and power plant. In the late 1980s the payroll was still high, this was partly due to the location of the plant which is just east of central London on the river Thames. To maintain their operating margins it was necessary to reduce costs, further de-manning was considered essential.

A skills evaluation programme was undertaken. As a result it was decided to upgrade skills of the workers and introduce team operation on shifts. This major initiative was known as "Project Futures". With a more flexible workforce it is hoped to reduce the shop floor work force from 151 to 132 and achieve a saving of £750,000.

Recent capital investment in a new more sophisticated plant was another major reason for further training.

6.2.2 Training programme

The objective was to change from a system where each shift consisted of: shift process operators, shift maintenance craftsman, and shift quality control staff; to a team of process operators that would undertake first line maintenance and the necessary quality control operations. First line maintenance is defined as the ability to change a unit, such as a pump, to ensure continued production.

A team of eight personnel from various levels and parts of the factory was bought together to implement the skill development programme. The team was trained in instructional skills and then undertook most of the training themselves. The main training location was the local Lambeth Skills Centre, which was taken over and equipped with the appropriate plant. In order to see the conditions and context of the training, an instructor from the Skills Centre trained at Tunnel, which included working shifts. A total of 5,500 man-training days, of which almost 80% was conducted "in house" were undertaken.

Shift maintenance craftsmen largely elected not to take part, as they saw training to work on production as being demeaning. Since their skills are very transferable, at a time of reasonable demand in the locality they could move to other companies.

[1] Tate and Lyle PLC annual report 1992

There were three aspects to the training: quality control, craft skills and team skills.

Quality control training has been very successful. Operatives now carry out a full range of tests, from raw material to finished goods checks. A wide range of procedures are carried from simple pH measurements to use of high pressure liquid chromatography. The most significant problem was developing the necessary skills to interpret the results, such as chromatograms. The staff in the quality control department still take responsibility for product release, and help in trouble shooting and interpretation of results. In a sense the QC staff act as consultants to the production team.

Acquiring the necessary craft skills to undertake the first line maintenance of the plant did not cause problems. However the team operatives found the diagnosis of mechanical problems difficult. They preferred to change a mechanical unit irrespective of the problem, rather than diagnose the problem and take necessary action. Consequently a craftsman is employed on each shift to assist in the diagnosis of problems.

Major problems occurred in developing team skills and accepting ownership of their job objectives and targets. Motivation and decision making were problems, operatives found it difficult to act on their own initiative, for example, acting to shut down the plant in a crisis. The change from a well structured system to team operation in one step proved to be too much of a problem. Reducing team size and increasing the number of team leaders has helped to alleviate the problem.

6.3 Evaluation

6.3.1 Company evaluation

The cost of training was recovered within the first year from the reduction in labour costs. Quality and reliability has improved because routine process maintenance is carried out in a planned way by day-work technicians. Quality is now seen as something for which all employees have a responsibility.

Improving productivity highlighted the need to simplify and modernize the paper work control system. Outside consultants have been employed to modernize the system. This will help in the move towards ISO 9000 accreditation.

Training at plant operator level has been a key issue in recent years and will continue to be so in the near future. Evaluation of the costs and benefits of training are undertaken, targets to cost saving through training are set for each initiative.

A number of environmental side effects (principally smell) can originate from the operation of the plant, none of which are dangerous, but they can be irritating. It is therefore essential that the operatives act responsibly and take responsibility for preventing or minimising any environmental pollution. Priority is given to maintaining a good relationship with the local authorities.

6.3.2 Evaluation by the national reporter

After a brief initial interview with the training manager it was not possible to progress the case study further within the time scale of the survey.

The responsibility for training policy is to be devolved almost completely to the site. The objectives of the training policy are clearly to improve business performance.

The company have a considerable interest in the development of National Vocational Qualifications, but it has not been possible to discuss this with the company.

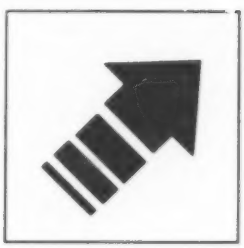
APPENDIX

People interviewed

D. A. Rice, Personnel Manager, Tunnel Refineries Ltd

Interviews with other employees have not been possible.

PART 3:



Conclusions

Glossary

CONCLUSIONS

3.

1. Developments in the UK food industry

The food industry in the UK forms a major part of the chain from agriculture to consumers, and about one quarter of consumers' expenditure on food and non-alcoholic drinks is accounted for by value added in food manufacturing. The industry contributes about 2.5% of GDP out of a total food sector (agriculture, manufacturing, wholesaling, catering and retailing) contribution of just under 9% (see Table 2.2). A simple division of the industry into agriculturally orientated sectors such as grain milling, sugar, meat slaughtering and dairy processing and consumer orientated sectors like confectionery, biscuits, snack foods and soft drinks, serves to emphasize the differing pressures in the economic environment of the industry. The former group has tended to decline with the agricultural industry and its EC support, while the latter, although not completely recession-proof, has fared better in recent years than many industries, particularly those producing investment goods and consumer durables.

Overall the consumption of food has grown slowly in the last decade, less than 1% per year, while alcoholic beverages have increased by about half the rate for food. Hence food and drink represents a smaller proportion of consumer spending as real incomes in the economy rise, the total, including meals out having fallen from over 28% in 1980 to under 24% in 1992. Household spending on food is currently less than half this percentage. This proportion would probably be much lower if producers had not responded to changing consumer needs for more processed, convenient, and hence value-added products. The market has also become more fragmented in order to meet more specific consumer requirements.

- The structure of the industry is fairly concentrated, since while there are almost 10,000 food manufacturing firms in the UK, it has been estimated that ten account for approximately 30% of all UK food sales. UK-based companies also rank highly in Europe, with some 13 of the top 20 European-owned food and drink companies. US-based companies account for about one-half of the European top 20 if they are included. A further important feature of the food sector is the size and significance of major retailers, and the bargaining power they are able to exert over their suppliers in terms of price and specifications. Manufacturers with well-known brands, supported by significant advertising expenditure, are able to hold their own, but most have come under pressure from retailers' own-label products. Many manufacturers, especially those with excess capacity, produce retailers' own-labels in competition with their brands. Others have tried to establish international brands to spread risks and expand profit opportunities.

Despite the size of UK food manufacturers, many studies have suggested that productivity, although improving, is relatively modest compared to rivals in the major industrial countries. Improving productivity results from reducing employment, as labour is replaced by capital, often involving changes in technology, and from changes in human resource management. These have created new pressures for continuing vocational training in areas such as multi-skilling of engineers and introduction of team working, topics which are developed in several of the case studies.

The food industry in the UK is also a major employer, in 1990, 2.4% of all employees were employed in this sector. The numbers have been steadily falling since 1974, between 1985 and 1990 they fell from 636597 to 532089 (Labour Force Survey) i.e. about 16%. However during 1991 a dramatic reduction of nearly 50,000 occurred. The three largest sub-sectors in terms of employment are bread and biscuits production, NACE 419; slaughtering and meat processing, NACE 412; and brewing, NACE 427. Together they account for over 50% of the employment in this sector. During the period 1985 to 1990 employment in these sectors changed by -5%, +1% and -20%, respectively. A contrary trend to the economic fortunes of agriculturally and consumer orientated sectors.

The increase in employment in sub-sector NACE 412, slaughter and meat processing, can partly be attributed to a trend towards convenience foods. Meat processing is increasing at a rather slower rate, suggesting that more labour intensive operations are being introduced in this sub-sector. The increase in labour is most usually in unskilled or low skilled packing operations, in areas where there are high food security or safety risks. This is contrary to the situation in other sub-sectors where changing technology and automation is resulting mainly in the loss of unskilled packing operatives, e.g. in biscuit production.

There are a number of pressures for change which are affecting human resources management. The increasing power of major retailers in the last 10 years to dictate their own terms has squeezed profit margins as illustrated in the Cliffords study. This is the result of demands for more competitive pricing and tighter product specification. Another pressure comes from the public interest and concern over food safety issues. The level of interest in food safety is greater in the UK compared to the rest of the EC. These economic, social and health issues have led to the wide spread introduction of quality assurance, including Hazard Analysis Critical Control Point procedures, and of quality management systems. In anticipation of implementation of the EC hygiene directive there has been a rapid and extensive introduction of food hygiene training programmes.

2. Development of CVT – training policy

Universally in the companies studied, the prime objective of training was to improve business performance. A further common feature was the desire to establish effective communications, both vertically and horizontally. Management in the companies studied expected the employees to listen to them, however, they also accepted it was a two way process and were prepared to listen to, and usually actively seek, the views of their employees.

Developing flexibility in the workforce was a high priority in the training programmes of the compa-

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nies studied, as both a short term and long term objective. This was manifested in several ways. One aspect was multiskilling the workforce, particularly the craft engineer level. These engineers were being trained in other aspects of engineering, i.e. the mechanical engineer would be trained in the skills of the electrical craft engineer (Birds Eye Wall's, Tunnel, McVitie's, Cliffords).

Another approach to increase flexibility was the introduction of team working and often much of the training was directed to this policy. There were several aspects to this training. Giving the team the skills they needed to be flexible was one objective. A frequent example was training process operators (Birds Eye Wall's, Tunnel, McVitie's) to undertake first line maintenance and repair operations in place of the craft engineer. Skills and understanding in quality assurance and control procedures were also important aspects of training policy. Operatives at Tunnel were trained to use sophisticated laboratory equipment so they could undertake on-line quality control. Social and interpersonal skills necessary in a team were also features of many studies. A consequence of team working was often a reduction in the number of layers in the management hierarchy in the factory which occasionally produced culture problems.

The desire to change the culture of the workforce often occurred simultaneously with the introduction of team working. A similar policy was also found when team working was not an issue. The main objective here is to persuade the workforce to accept responsibility or ownership for job performance and meeting production targets and objectives. Thus a feature of many of the case studies is that they are now introducing, or intending to in the near future, job appraisal for all employees. Appraisal was previously only for management and supervisory levels.

Various aspects of legislation affected company training policy. The most obvious and significant in terms of the costs was hygiene training. This has taken a significant proportion of the training budgets of small companies over the last two years and is likely to do so for at least another year. For some workers the hygiene training has been the first training they have received during their working life. When this was accredited by a third party it was for some the first qualification they had received. Less obvious, but particularly important was the effect of the 1990 Food Safety Act and the introduction of due diligence defence. This has particularly highlighted the need to maintain training records, which is a step towards establishing a training policy. These legal requirements could provide an important entrance to training for a company with no previous training policy, especially if support and guidance were available.

A further commonality in training policy was that many of the companies had recently invested in new process plants. Training for the resultant change in technology was therefore a feature in many of the case studies (McVitie's, Prospect, Cliffords and Birds Eye Wall's).

All the companies supported personnel development programmes. This is partly because they saw the workforce as not necessarily being of the educational level they will require in the future as new technology is introduced, and partly encourage career development from within the company. Prospect were particularly committed to personal development, with schemes designed to encourage the advancement of existing staff. There were also short term objectives such as up-dating skills and knowledge.

The benefit of training to individuals became apparent from the interviews with employees. This was especially so in the case of Halls and Prospect, where a training policy is a relatively recent innovation. Here considerable individual satisfaction had been gained by training, especially when it resulted in gaining a nationally recognized qualification.

3. Social dialogue on training

Training was not a significant feature of the social dialogue with the unions within the case study companies. At the shop floor level there was little interest in national training issues. The concern was directed towards problems of individual employees. Certainly they were anxious about loss of jobs resulting from restructuring the workforce, and so were sceptical about training for this objective. National training issues such as the training targets supported by the TUC and CBI did seem to be a concern at the enterprise level. There was no pressure for the adoption of NVQs. Also there was no evidence of the unions requesting a greater commitment to training from the company. At a regional or national level the attitude of the unions towards training was rather different. Their commitment to developing training was obvious from their participation in projects such as the NVQ/SVQs.

The driving force in the case studies for training came from within the company. They went to considerable trouble to promulgate details of voluntary training schemes to all employees, especially those relating to personnel development and establish good communications systems. Important aspects were listening to employees reactions to training programmes and ideas for training within the company.

4. Relationship of the educational system to continuing training

Operatives in the food industry generally have lower than average levels of initial education, particulary those who have been in the industry for some years. The need for operatives to undergo hygiene training identified literacy and numeracy problems in some employees. McVitie's responded by arranging classes for these people. Also it is a sector that employs rather fewer graduates than the rest of the industry. Part of this problem could be the result of the poor image that this sector has with school and college students.

In recent recruitment (e.g. at McVitie's Jaffa line, Birds Eye Wall's) personal qualities, attitudes of applicants, particularly willingness and ability to learn, and an average level of general education

were of greater importance than a good level of initial technical education.

National Vocational Qualifications (and SVQs) were not widely available across this sector at the time of the case studies and so it is not possible to discuss their use in detail. Opinions appear to be divided about their usefulness. Meat industry NVQ/SVQs were available and were being adopted by Halls. They favoured the modular approach and found the concept of achieving a nationally recognized qualification an important motivating factor. Elements of the Prospect new training system have been designed to integrate with NVQs. McVitie's felt that their own training and competence tests were best for their needs, they would adopt NVQs if they led to "better biscuits". In general, assessing the competence of a person after training was considered to be particularly important.

5. Planning and concept of training

In the case studies training plans are determined primarily by business objectives and the need to meet production targets. The need to meet legal requirements imposed by the Hygiene Directive is currently a dominant feature of training plans, but this feature will be considerably less significant when all the existing personnel have received the training. Further factors are the need to maintain the skill base of the workforce, and provide for employee development.

At operative level an operator/skill matrix was a tool used by all companies. Each element of the matrix being used to indicate whether an operator was trained in a particular skill. This tool helps to both plan training actions and maintains a training record. Formal appraisal interviews, a feature of most management systems, and all employees at Prospect, are now being introduced at all levels in the other cases. This can be expected to become the major mechanism for identifying individual training needs.

6. Target groups

The groups targeted were again very much determined by current business objectives. Across the case studies training at all levels was important. The apparent reduction of management training is mainly due to the increase in training activities for other workers rather than an actual reduction in management training. There is a recognition that the less well paid in the workforce (e.g. telephonists at Cliffords) can have a considerable effect on a company's business performance.

With the exception of training to meet legal requirements, training was voluntary. Although failing to respond to a request to undertake further training could make career development more difficult. People with readily transferable skills sometimes left the company rather than train for new developments.

One company specified levels of competence and training required for each level in their hierarchy, these had to be achieved before a person was considered for promotion. Individuals seeking promotion were a largely self-selecting group for training.

7. Contents, methods and organization

Although it is difficult to be categorical it appears that "on the job" training was preferred where possible for all levels of a company hierarchy. Whether this was undertaken by the in-house training department or by an external training provider was determined by cost. A typical approach was to have internal trainers externally trained. At the operative level "teacher operators" were a common feature. These were operatives who had been trained to teach their colleagues in the operation of the plant.

Open and distance learning was available particularly for personal development programmes. A wide range of approaches was adopted, to suit the particular circumstance of the company. For hygiene training the methods used ranged from classroom to open learning, computer-based systems.

There was a strong preference for the training, other than personal development, to be focused on the companies objectives. This seems at times to militate against working for a specific qualification especially using external training providers. On the other hand working for a nationally recognized qualification was seen as attractive as it could develop motivation and commitment to training.

8. Costs and financing

Public money was generally not available for continuous vocational training. Training was thus financed completely by the companies. Cost benefit evaluation of training was important, and measured where possible, especially with Tunnel and Birds Eye Wall's. The major benefits coming from reducing manpower, and increasing quality assurance. Training benefits were also assessed by measuring changes in the efficiency of systems, e.g. Cliffords used frequency of complaints as an indicator of training effectiveness.

9. Developments

The development of NVQs and SVQs will have a significant effect on training in industry in general. The impact of the recently launched NVQs for process operators is difficult to assess at this early stage, benefits of working for a nationally recognized qualification were demonstrated in the case studies. On the job training will no doubt continue to be the most important form of CVT.

Another important initiative that could have a considerable impact on training is the Investor in People standard. Two of the companies in the survey were accredited with reaching the Investor in People standard. This was largely a paper exercise for these companies as they already had effective human resource management and training policies. That these case studies were chosen as they were considered exemplary regarding training, suggests that companies working to achieve the IIP standard are going to be amongst the most effective users of CVT.

Developments of CVT in this sector are likely to be strongly influenced by the strong market pressures for product quality and consumer interest in safety. Thus quality assurance standard such as ISO 9000

and systems such as HACCP can be expected to increase in importance. The EC Directive on food hygiene specifies that a HACCP approach should be adopted to ensure food safety.

Changing works practices, which could include Total Quality, can also be expected to influence future training requirements. The great use of team working, devolving responsibility for first line maintenance and repair to operatives, multi-skilling of craft engineers can all be expected to shape future CVT plans. Increasing technology will highlight the need for a highly skilled workforce and lead to a reduction in manpower, mainly through the loss of unskilled workers. It is generally felt that the educational level of unskilled workers in this sector is generally low. Retraining this group for the changes in technology could present particular problems.

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GLOSSARY

ACARD	Advisory Council for Applied Research and Development
BCCCA	Biscuit, Cake, Chocolate, Confectionery Alliance
bn	One thousand million
BS	British Standard
BTEC	Business and Technician Education Council
CAP	Common Agricultural Policy
CBI	Confederation of British Industry
COSHH	Control of Substances Hazardous to Health
CR5	Five firm concentration ratio
CVT	Continuous Vocational training
DTI	Department of Trade and Industry
EC	European Community
EHO	Environmental Health Officer
FDF	Food and Drink Federation
FDITO	Food and Drink Industry Training Organization
FDT	Food Drink and Tobacco
GCSE	General Certificate of Secondary Education
GDP	Gross Domestic Product
GMB	General and Municipal Boilermakers and Allied Trades Union
GVA	Gross Value Added
HACCP	Hazard Analysis Critical Control Points
HASAWA	Health and Safety at Work Act
HNC	Higher National Certificate
HND	Higher National Diploma
IEHO	Institute of Environmental Health Officers
IGD	Institute of Grocery Distribution
IIP	Investor in People
ISM	Institute of Supervisory Management
ISO	International Standards Organization
ITB	Industrial Training Board
ITO	Industry Training Organization
LEC	Local Enterprise Company
m	million
MAFF	Ministry of Agriculture, Fisheries and Food
MCI	Management Charter Initiative
MITO	Meat Industry Training Organization
MSF	Manufacturing, Science, Finance Union
na	not available
NACE	General industry classification of economic activities within EC
NACETT	National Advisory Council for Education and Training
NCITO	National Council of Industry Training Organization
NCVQ	National Council for Vocational Qualifications
NEBSM	National Examination Board of Supervisory Management
NVQ	National Vocational Qualification
SIC	Standard Industrial Classification
SVQ	Scottish Vocational Qualifications
TEC	Training and Enterprise Council
TGWU	Transport and General Workers Union
TQM	Total Quality Management
TUC	Trade Union Congress
UK	United Kingdom
USDAW	Union of Shop, Distributive and Allied Workers
YTS	Youth Training Scheme

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CEDEFOP – European Centre for the Development of Vocational Training

Training in the food and beverages sector in the United Kingdom
(FORCE programme)

Jim A. Burns, Richard King

Luxembourg: Office for Official Publications of the European Communities

1994 – 85 pp. – 21.0 x 29.7 cm

ISBN 92-826-8416-4

Price (excluding VAT) in Luxembourg: ECU 8

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Price (excluding VAT) in Luxembourg: ECU 8

ISBN 92-826-8416-4

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